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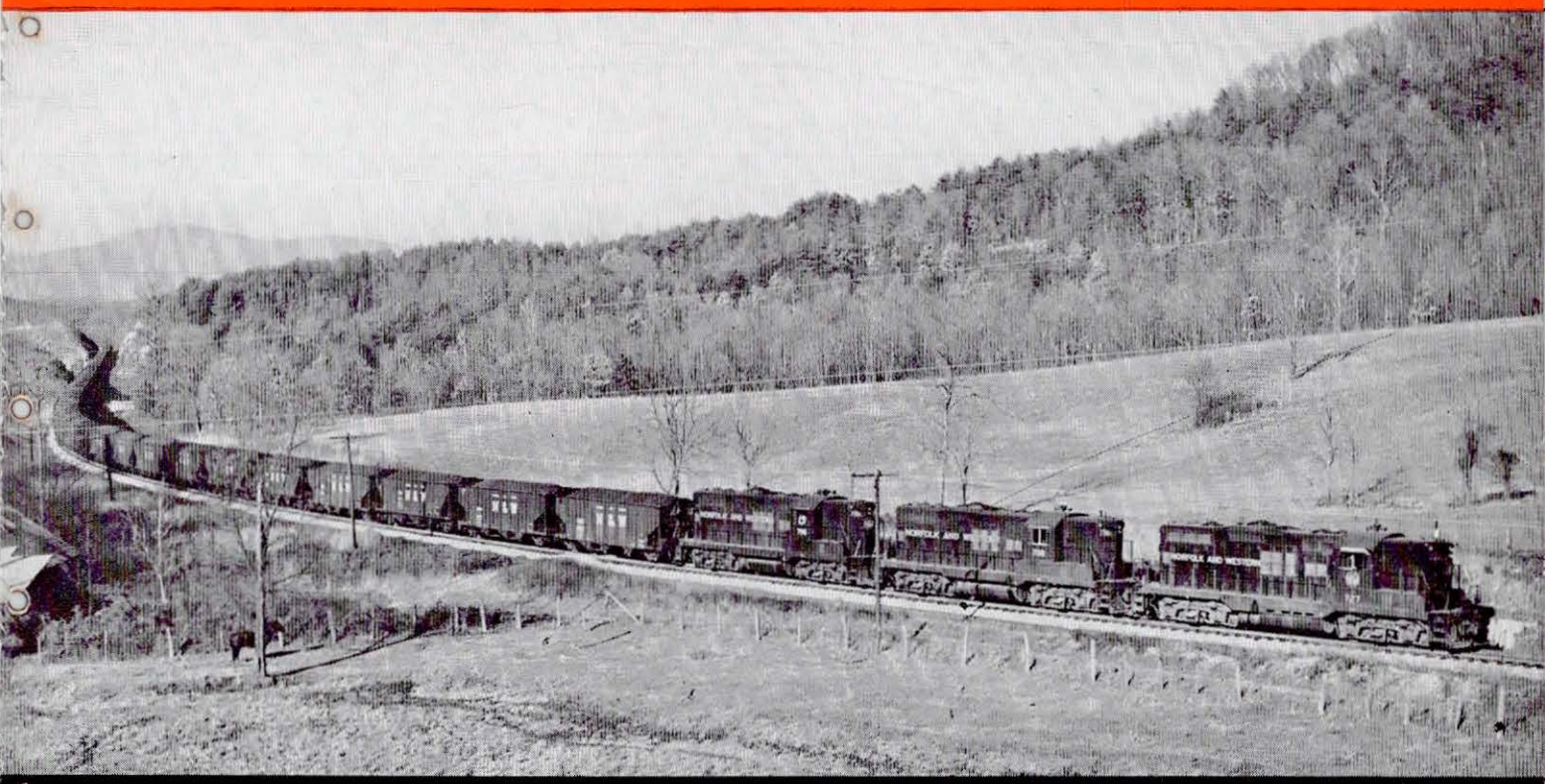
Technology Advances, Economics Lags... p. 38

October 24, 1960

RAILWAY AGE *weekly*



↑ How 'new' N&W builds for the future

Erie-Lackawanna Merger Creates a 3,200-mi. System

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W —Warm bearing
H —Hot bearing
LV—Train leaves detecting area

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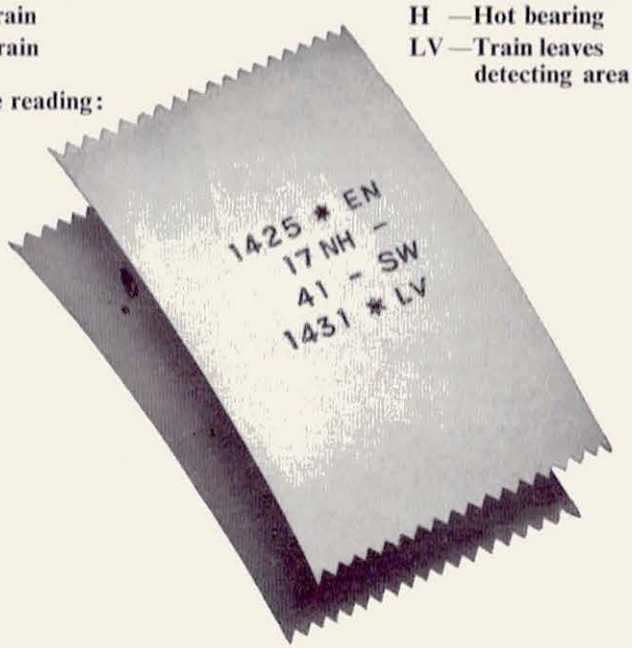

The top line shows that the train entered detecting area at 2:25 P. M.
2nd line: 17th car from head end has hot bearing on north side.
3rd line: 41st car from head end has warm bearing on south side.
4th line: Train exits at 2:31 P. M.

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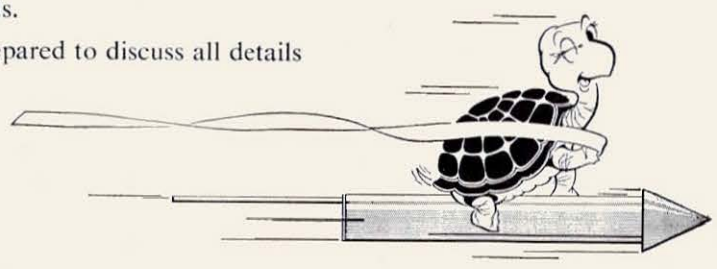

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RAILWAY AGE *weekly* October 24, 1960 • Vol. 149, No. 17

Week at a Glance

Departments

As the Publisher Sees It ... 35
Dividends Declared 30
ght Carloadings 31
n the News 30
ding After Hours ... 27
y Market 31
Trade 30
Action Page 38
ching Washington 10
u Ought to Know 36

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Railway Age, established in 1856, is indexed by the Business Periodicals Index the Engineering Index Service and the Public Affairs Information Service. Name registered in U.S. Patent Office and Trade Mark Office in Canada.

Published weekly by the Simmons-Boardman Publishing Corporation at 440 Boston Post Road, Orange, Conn. Second-class postage paid at the Post Office at Orange, Conn. James G. Lyne, chairman of the board; Arthur J. McGinnis, president and treasurer; Duane C. Salisbury, executive vice-president; George Dusenbury, vice-president and editorial and promotion director; Robert G. Lewis, Joe W. Kizzia, M. H. Dick, M. J. Figa, R. C. Van Ness, vice-presidents.

Pact provides 'featherbed' study .....p. 9

A 15-member commission will be appointed by President Eisenhower to study the work-rules dispute. The commission will have five management, five labor and five "public" members.

Cover Story—How 'new' N&W builds for the future p.18

The secret is careful advance planning followed by skillful execution of the plans. Management utilizes the best features of the "old" N&W and the Virginian to provide better and more flexible service.

Cover Story—Erie-Lackawanna merger is consummated p.24

The new road's management is headed by Harry W. Von Willer as chairman, president and chief executive officer; by Perry M. Shoemaker as vice chairman and chief administrative officer; and by M. G. McInnes as executive vice president.

Shippers Boards support and criticize the railroads p.26

Railroad efforts to extend their truck operations and otherwise diversify their services were strongly backed at the annual meeting of the NASAB. The shippers also urged improvement in existing railroad services and objected to forthcoming cuts in the AAR's shipper-oriented activities.

Great Northern relocates part of branch line p.28

The project was necessitated by construction of the Rocky Reach dam in Washington. At the dam, where the water level will be raised nearly 100 ft, the track grade has been raised 66 ft.

Employee magazines appraised p.32

At the 38th annual conference of American Railway Magazine Editors' Association, railway editors heard industry leaders describe their main role as gaining "the understanding and loyalty" of rail employees.

Purchase of M&StL approved p.34

Slightly more than five months after filing an application to purchase the M&StL, C&NW has a green light from the ICC.

The Action Page—Technology advances, economics lags p.38

Americans have a genius for putting technological progress to practical use. But we display no such mastery over the

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is the better spring 5 to 1?

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Cycles to Failure, or Cycles to Test Termination

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AV. OVER 2,403,800

Extended Life Springs taken at random from production stock averaged 2,403,800 cycles at test conclusion

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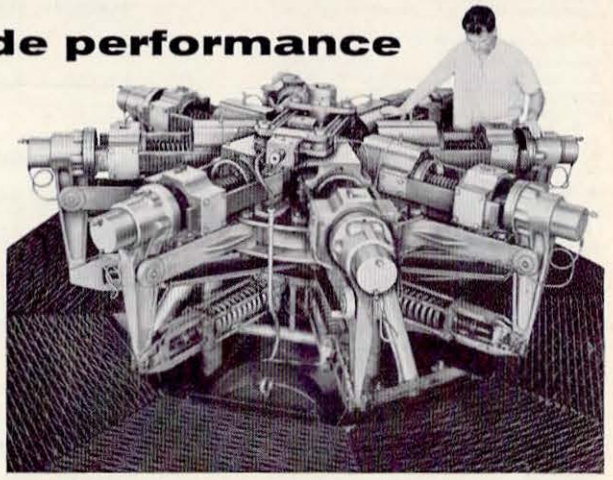

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Week at a Glance CONT

Current Statistics

Operating revenues	
8 mos., 1960 ...	$6,456,321,942
8 mos., 1959	6,621,274,503
Operating expenses	
8 mos. 1960	5,115,202,623
8 mos., 1959 ...	5,191,899,748
Taxes	
8 mos., 1960 ...	701,702,920
8 mos., 1959 ...	711,116,463
Net railway operating income	
8 mos., 1960 ...	398,660,085
8 mos., 1959 ...	502,244,949
Net income estimated	
8 mos., 1960 ...	277,000,000
8 mos., 1959 ...	363,000,000
Carloading revenue freight	
40 wks., 1960 ...	23,924,687
40 wks., 1959 ...	23,975,640
Freight cars on order	
Sept. 1, 1960 ...	23,866
Sept. 1, 1959 ...	37,172
Freight cars delivered	
8 mos., 1960 ...	39,419
8 mos , 1959 ...	27,435

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proven principles of successful economic and political behavior. Our understanding of those principles does not even equal that of our fathers and grandfathers.

Short and Significant

Union tactics compelled the LIRR . . .

to purchase a strike-insurance policy, the railroad charged last week. In a brief replying to the BRT's suit against the LIRR and other roads in the strike-insurance pool (RA, Sept. 12, p.65), the Long Island said that, in the past, the BRT had used a "carefully contrived" series of strikes, slowdowns and other work stoppages to win increases in wage and fringe benefits. While these were in violation of the Railway Labor Act, the LIRR contended, it had been forced to submit to the demands because of its inability to withstand the loss of revenue due to interruption of service. Therefore, the railroad claimed, purchase of the strike-insurance policy was "reasonably necessary to assure it the resources required to enable it to bargain collectively with local union organization."

EJ&E reached a compromise wage agreement . . .

with the BRT late last week and averted a threatened walkout of operating employees seeking to better the pattern settlement agreed to earlier this year. The compromise calls for an increase in rates of pay, an insurance and health and welfare plan, and improved vacation and holiday pay benefits.

"A close vote" is predicted . . .

by SUNA President N. P. Speirs in rank and file balloting to accept or reject a proposed wage agreement. Final returns are due at SUNA headquarters October 26. The switchmen are also waiting for a federal court ruling on the validity of the membership ratification provision of their constitution.

A complete transportation service . . .

in a much wider territory should result from the projected N&W-NKP merger, Norfolk & Western President Stuart T. Saunders told the Virginia World Trade Conference. The merger, he said, "would put us in a position to make rates and establish service to leading producing and marketing points in the rapidly growing Nickel Plate area without having to go through connecting railroads." Mr. Saunders added that merger details are nearing completion so that an application can be filed with the ICC "in the reasonably near future."

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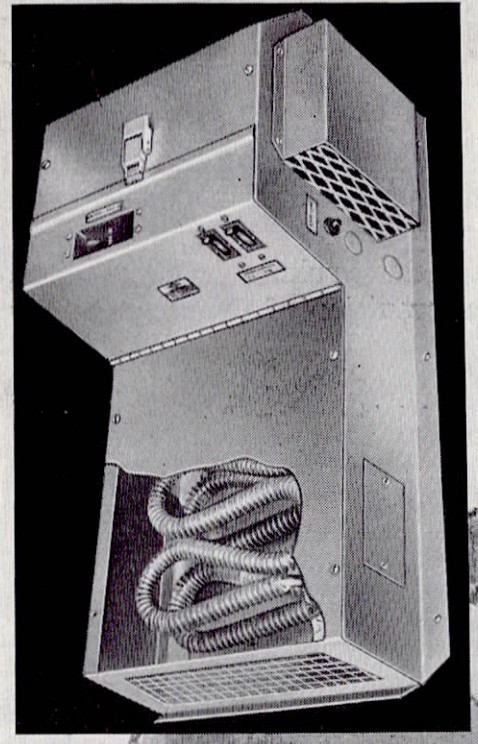


VAPOR MODU LECTRIC HEATER

Pact Provides 'Featherbed' Study

► **The Story at a Glance: Railroad management and five brotherhoods representing operating employees agreed last week to submit the so-called "featherbedding" dispute to a 15-member commission appointed by President Eisenhower. The President will appoint five nominees of management, five nominees of the brotherhoods and five "public" members.**

Labor-management agreement on a work-rules study commission, announced by Secretary of Labor James P. Mitchell, came out of meetings he held with representatives of the brotherhoods and of the railroads' regional conference committees. The secretary called the agreement "a monumental step forward in one of our basic industries—an indication of maturity in labor-management relations which is unparalleled in American history."

Findings of the Presidential commission will not be binding, nor will they preclude emergency-board proceedings on the same issues. Those phases of the agreement reflect concessions by the railroads, but the pact does emphasize the "intent" of the parties that proceedings of the Presidential commission "shall be considered and accepted as in lieu of mediation and emergency board procedures provided by Section 5 of the Railway Labor Act."

In a showdown on the matter, however, this expression of intent would give way to another provision which states specifically that "nothing" contained in the agreement and "none" of the proceedings held pursuant to it "shall be construed as a waiver of any legal right or rights of the parties thereto." Secretary Mitchell conceded that an emergency board proceeding could result from a controversy arising out of the Presidential commission's findings, but he considers that outcome unlikely.

The report of the Presidential commission will not be due until December 1, 1961—nearly three years after AAR President Daniel P. Loomis announced the railroads' determination to end "featherbedding," which, he said, was costing $500 million a year. That announcement came in a February 1959 speech before the National Association of Shippers' Advisory Boards. Formal demands for rules changes to implement the program were filed by the railroads on Nov. 2, 1959.

The commission will have about 11 months to do its work. The agreement provides that it shall commence its proceedings between Jan. 1 and Jan. 15, 1961. As to the Dec. 1, 1961, date for the report, there is a provision for an extension, "not to exceed 90 days," if requested by a majority of the commission.

The commission is directed by the agreement to "proceed in general conformity with the recommendations of Emergency Board No. 109," but the report of that emergency board "shall have no binding effect upon the commission in making its findings and recommendations."

Emergency Board No. 109 was a 1955 board which reported on the so-called Conductors Graduated Rates Case. Suggesting that there was "imperative need" for modernization of the op wage structure, the board also said: "The fact that the railroad wage rate structure, for operating classifications, has received no comprehensive review for more than 30 years, and no systematic study for almost 20 years, alone suggests that it may well be obsolete and ill-designed for a modern railroad system."

As to what the Presidential commission may recommend, the agreement says it "may recommend that any proposal or implementing proposal or any part of any such proposal should be rejected in whole or in part or accepted in whole or in part, or should be accepted as amended or revised by the commission, as it finds under the evidence to be justified."

The parties agree to extend "full cooperation" to the commission which is also authorized "to use its best efforts, by mediation, to bring about an amicable settlement and agreement between the parties with respect to any issue concerning which the evidence has been heard." The expression of intent to have the commission proceedings in lieu of emergency board proceedings is followed by this statement:

"National conferences between the parties under the Railway Labor Act shall be resumed and expedited, provided no settlement is sooner reached, immediately following the report of the commission. In the event the National Mediation Board shall proffer its services, or the board's services be invoked, the parties will jointly request the board to expedite mediation and as promptly as feasible terminate the board's services under the act."

Members of the commission will be compensated by the parties nominating them, the government paying the salaries of the five "public" members. Secretary Mitchell said President Eisenhower would create the commission by executive order.

(The five brotherhood representatives on the commission, it's understood, will be A. F. Zimmerman, assistant grand chief engineer, BLE; S. C. Phillips, assistant president, BLF&E; H. F. Sites, vice president, BRT; S. W. Holliday, vice president, ORC&B; and J. W. Fallon, vice president, SUNA.)

Thus the controversy goes to a Presidential commission, as AAR President Loomis proposed in his February 1959 speech. The brotherhoods then opposed the proposal, and the President advised that he was not disposed to do anything while the rules cases and accompanying wage proceedings were being progressed through normal Railway Labor Act procedures. It was after the

Ahead of the News

"Reports of a possible break in the work rules dispute were quietly circulated in the industry last week, following separate meetings of brotherhood chiefs and a group of railroad officers with Secretary of Labor Mitchell.

"Meetings so far are described as 'exploratory,' but the apparent goal is to find some compromise way of handling the issue to minimize chances of a future deadlock."
—Railway Age, Aug. 29, page 9

"If management and labor agree to creation of a study commission —and it's expected that they will— the action will put actual rules revision off for at least a year, perhaps longer. All indications point to a comprehensive, searching, penetrating study of railroad work rules —not, by any means, a once-over-lightly review."
—Railway Age, Sept. 12, page 9

wage cases were settled that Secretary Mitchell promoted the conferences out of which the agreement came.

The railroad demands in issue involve six specific proposals. In summary, they would:

1) Revise the 40-year-old pay standard for engine and train crews to reflect today's greatly increased train speeds.

2) Eliminate rules banning crews from operating through present crew-change points, so as to end multiple changes on short train runs and permit the extension of crew operations in keeping with rising train speeds.

3) Wipe out "arbitrary" lines now drawn between the work that may be performed by road crews and yard crews, thereby allowing full interchange of these crews without penalty payments.

4) Establish the right (which Canadian roads now have) for management to determine when firemen should be used on non-steam locomotives in freight and yard service.

5) Eliminate all rules which stipulate the number of crew members required.

6) End rules requiring standby operating employees when self-propelled equipment is used in track maintenance, repair or inspection.

On behalf of the chief executives of the five operating brotherhoods, BRT President W. P. Kennedy commented:

"The agreement reached today on the establishment of a three-party study commission is, in our opinion, a major step toward the reestablishment of sound labor relations in the railroad industry."

On behalf of the railroads' regional conference committees, Guy W. Knight, chairman of the eastern committee and director of labor relations for the Pennsylvania, said:

"We wholeheartedly welcome this Presidential Study Commission as a major contribution to the public welfare, and will help in every possible way to make its work a success."

And Clair M. Roddewig, president of the Association of Western Railways said:

"Railroad management has hopes that a peaceful settlement of the complex issues involved can be achieved through a neutral study of the problem with paramount consideration being given to the public welfare. Management pledges its cooperation to the commission in every possible way."

Watching Washington *with Walter Taft*

• **SOMETHING NEW** has been added to shipper protests against proposed railroad rates and charges. It's a contention that proposals to which more than one railroad are parties must be processed through so-called Bulwinkle-Act procedures before they can be published in tariffs filed with the ICC.

THE CONTENTION is the principal basis of two protests which have been filed with the Commission by the National Industrial Traffic League. Procedures which the League claims were unlawfully by-passed are railroad-rate-bureau and car-hire-and-demurrage-agreement procedures maintained with benefit of the anti-trust immunity granted by the Reed-Bulwinkle Act (now Section 5a of the Interstate Commerce Act).

TARIFFS IN ISSUE are Hinsch's ICC C-175 and C-177. The former publishes pick-up and delivery charges for several Official Territory railroads, which thus propose to abandon present arrangements whereby those services are provided under line-haul rates. C-177 publishes new car-detention and rental charges.

THE CAR-DETENTION AND RENTAL CHARGES, respectively, would be $10 per car per day, in addition to regular demurrage charges, for detention of LO covered hopper cars equipped with pneumatic devices for loading and unloading; and $7.50 per car per day, without demurrage charges, for industry use of railroad cars for movements in connection with plant operations—whether the cars are "ordered or appropriated" for that purpose. Railroads in all territories are parties to the detention-charge item, but only Eastern roads propose the rental charge.

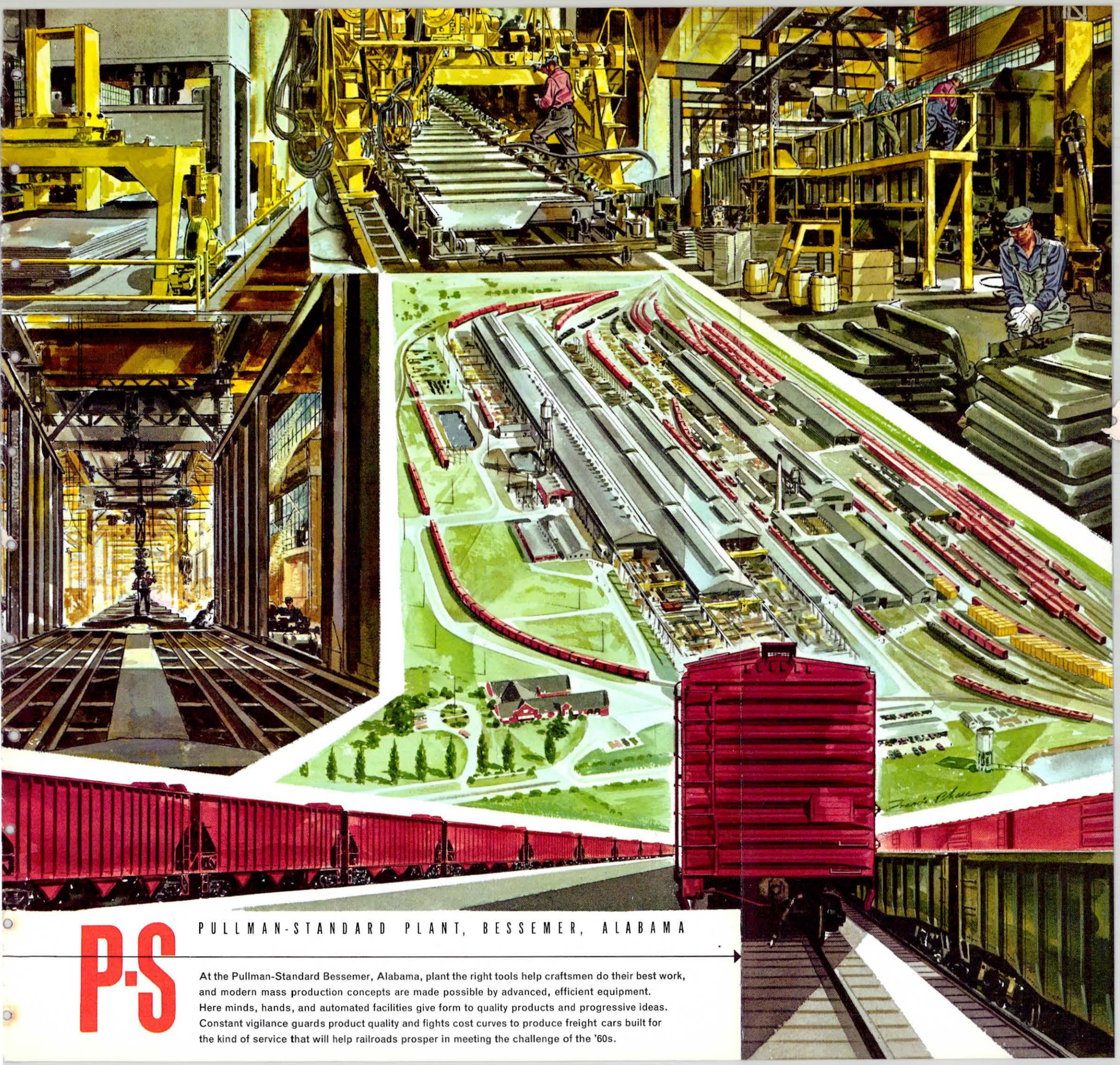
FIRST PUBLICATION of these items was in the Ex Parte 223 tariffs. That drew shipper protests and ICC admonitions which prompted their elimination from that general-rate-increase and their publication in ICC C-177 (RA, Oct. 10, p. 10).

THE NIT LEAGUE PROTESTS are tough-talking presentations. In the pick-up and delivery case, the League complains that publication of the tariff not only involved by-passing Bulwinkle-Act procedures, but that it also violated tariff-publication requirements of the IC Act's Section 6. As to the car-detention and car-rental charges, the League says their publication amounted to an "unreasonable practice" in violation of Section 1 because "it substitutes conspiracy and arbitrary concert of action for fair and mature two-sided discussion."

SECTION 5a PROCEDURES are designed to afford two-sided discussion of proposals resulting from "concerted action" of carriers, the League points out. It insists that these procedures are not only "approved" by the Commission, but that such approval makes them "prescribed" procedures. Hence the contention that they can't be "short-circuited" and thus "evaded" by unannounced filings with the Commission of tariffs publishing rates for more than one railroad.

"NEW AND NOVEL" CHARGES is what the League calls the car-detention and rental-for-plant-use proposals. "Top executives of the railroads arbitrarily voted to publish this tariff, the protest also says, adding that the action was "wholly unprecedented" and that the proposals, when first published, were "still only half-baked."

MEANWHILE, the League makes clear that it might not oppose LO-car-detention and rental-for-plant-use charges if due consideration on the "merits" showed them to be "reasonable and non-discriminatory." In their present posture, it insists, the proposals are "wholly unjustified, ill-considered and appear to be the result of an unlawful conspiracy."



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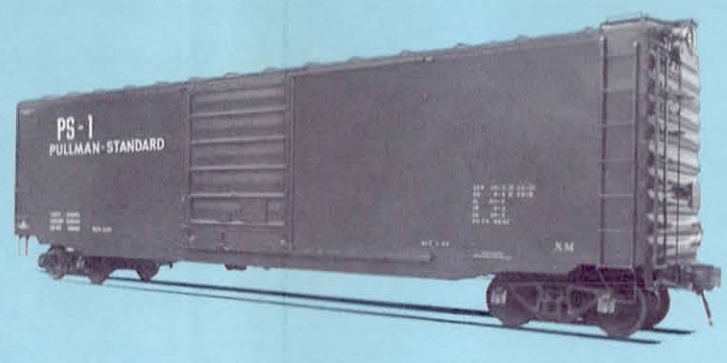

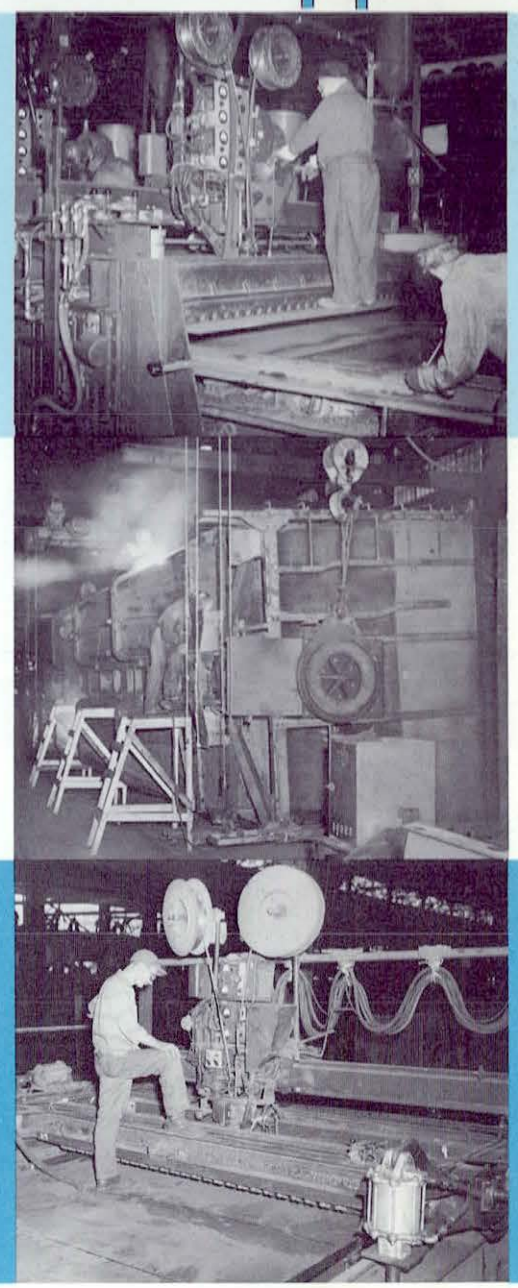

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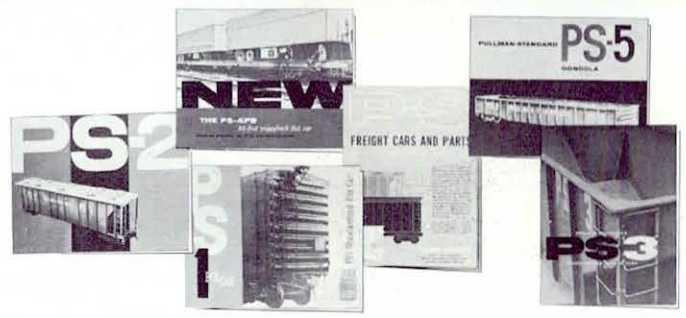

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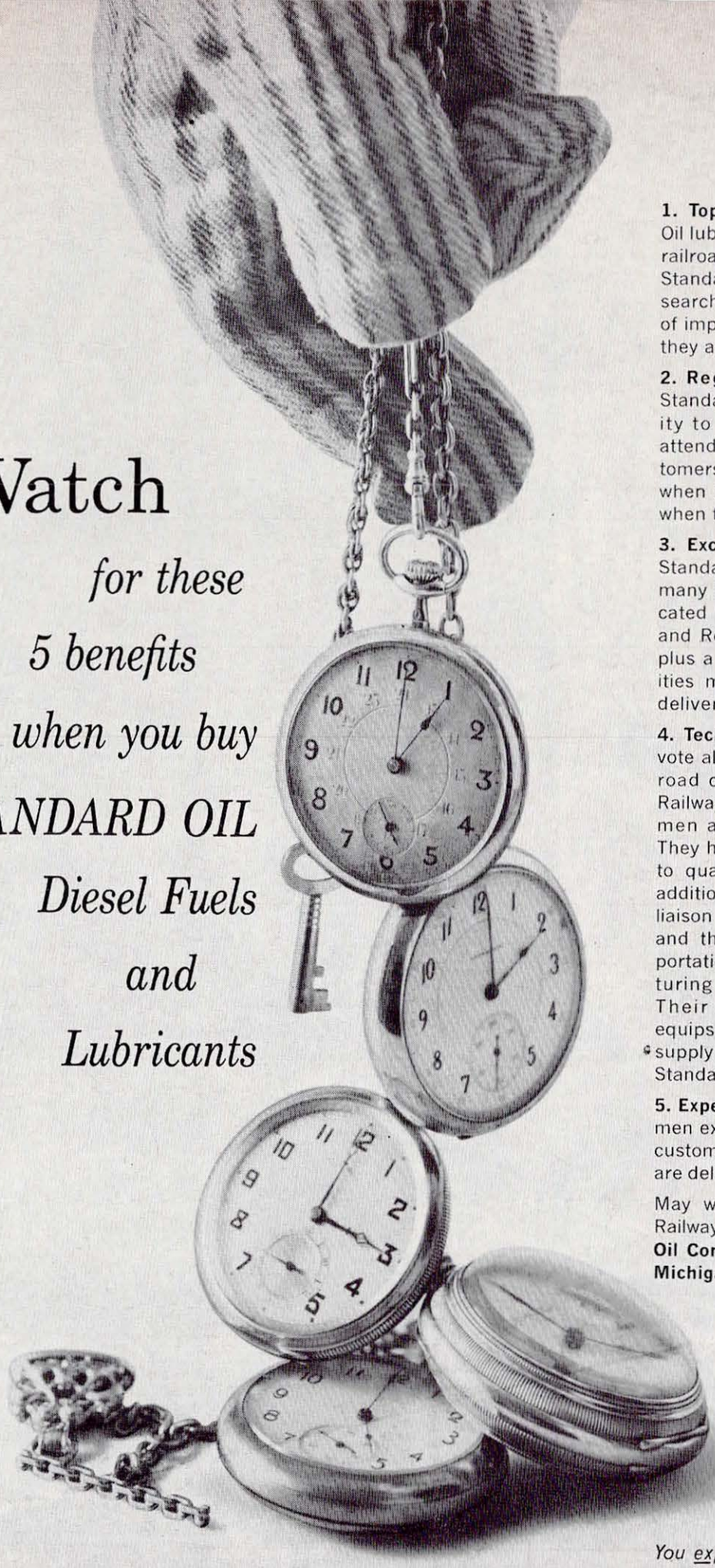

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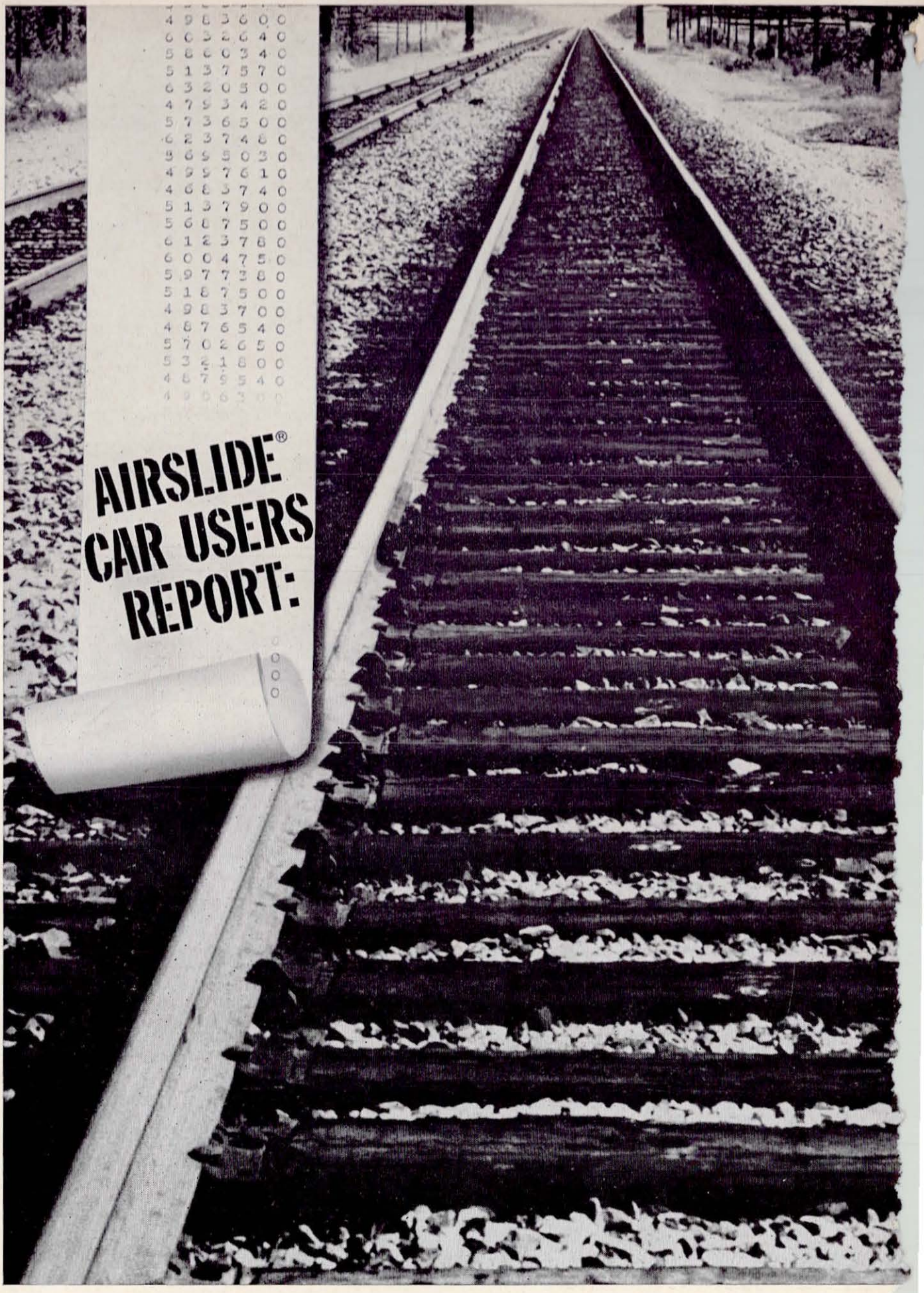
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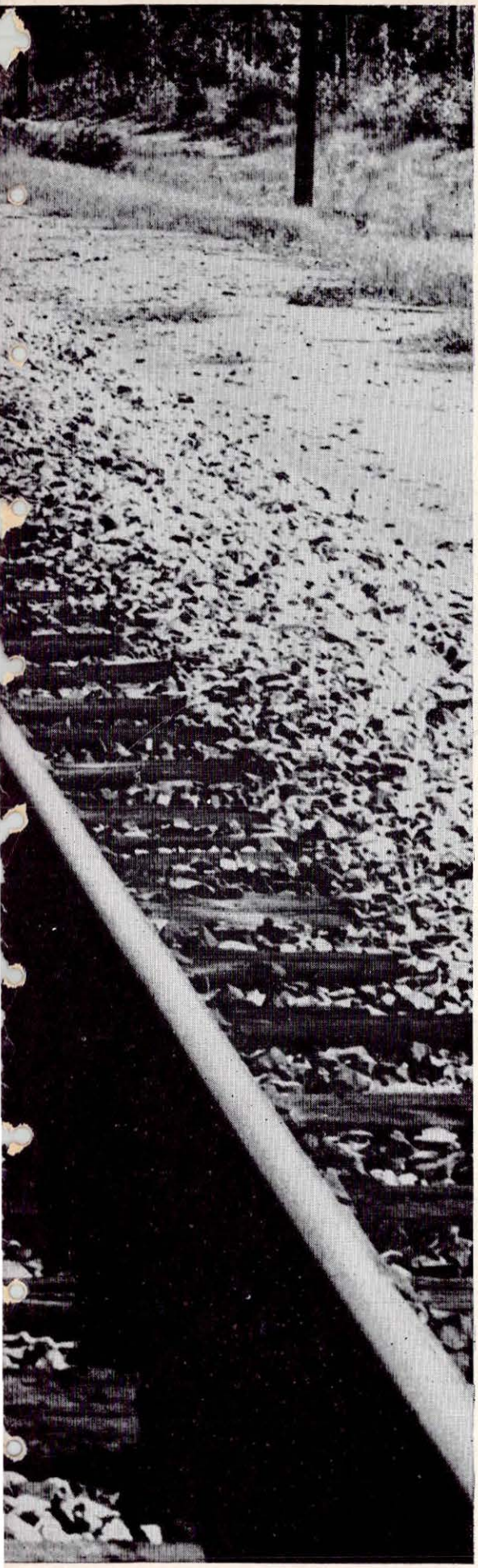

220 MILLION MILES WITH NO LOSS CLAIMS

Recently, Airslide car users were polled and asked to supply statistics. A majority have replied and the figures speak for themselves. Since 1954, Airslide cars have logged over 220,000,000 miles with no loss claims due to the cars.

Of the Airslide car fleet, approximately 3,000 cars are in flour service. Here, sanitation is a 'must'. Over 170,000,000 CWT of flour have been hauled in these cars with no loss claims.

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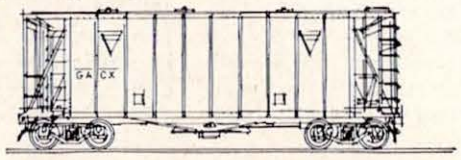


MERGER of the Norfolk & Western (left) and the Virginian (right) is producing a single railroad which will be stronger, more efficient and more flexible than the sum of its components. The two roads closely parallel each other for more than 300 miles; are adjacent at many points, as they are here along the New River west of Ripplehead, Va.

How N&W Builds for the Future

► **The Story at a Glance: One and one don't always make two. In railroad mergers, they may add up to three.**

That certainly appears to be the case with the "new" Norfolk & Western, where careful advance planning and subsequent skillful execution of those plans are producing a railroad which will be stronger, more efficient and more flexible than the sum of its components—the "old" N&W and the former Virginian.

Here is the story of how the merger is being accomplished; and of what the merger means to carrier and shippers alike.

On Nov. 30, 1959, the Norfolk & Western and the Virginian were two entirely separate railroads. On the following day they were one—the "new" Norfolk & Western (RA, Oct. 19, 1959, p. 9).

In combining them, the controlling N&W management has utilized the best features of each to develop a single railroad which will be stronger, more efficient and more economical than the sum of its components and one which will provide better and more flexible service to shippers.

Thanks to the physical proximity of the two lines; their high standards of construction and maintenance; and their mutual reliance on coal as a major traffic source, the over-all problems involved in putting them together were, perhaps, relatively simple compared to those which may be encountered in consummating other approved or pending merger proposals. The N&W-Vgn problems were, nevertheless, complicated enough so their successful solution represents an interesting case study in application of railroad managerial skill, and offers some useful pointers for application in other railroad consolidations.

The pre-merger N&W operated 2,138 miles of line from Norfolk, Va., through Petersburg, Lynchburg and Roanoke to Columbus, Ohio, and Cincinnati, with major branches to Hagerstown, Md., Durham and Winston-Salem, N.C., and Bristol, Va., plus a network of coal-collecting branches in southwestern Virginia, western West Virgina and eastern Kentucky.

From Norfolk to Columbus the main line was double tracked throughout, though at a few locations the second track was provided by two single-track lines. Train operation, recently dieselized, was governed generally by automatic block signals and/or centralized traffic control. About 67% of all freight revenues were derived from coal and coke, which moved both east and west from the mining areas.

The pre-merger Virginian, with 608 route-miles, operated a single-track main line from Norfolk west through Roanoke to the coal fields of West Virginia, where it, too, had a network of branches serving mines north and east

of those reached by the N&W. Trains, governed by manual block signals, were hauled by electric locomotives between Roanoke and Elmore, W. Va.; by diesels elsewhere. More than 86% of the Virginian's revenue in 1958 came from coal and coke traffic. About three-fourths of this moved east to Norfolk, with about one-fourth being delivered to the N&W or the Chesapeake & Ohio at Gilbert, W. Va., and the New York Central at Deepwater Bridge, for westward movement.

From Norfolk to Bluefield, W. Va., 353 miles on the N&W, and to nearby Princeton, W. Va., 340 miles from Norfolk on the Virginian, the two lines roughly parallel each other. They cross several times. It is, consequently, in this general area that the principal effects of the merger are being felt, and its principal benefits obtained. There have been few changes on either line west of Bluefield and Princeton.

Between Norfolk and Bluefield-Princeton, both railroads cross the Allegheny mountains west of Roanoke and the Blue Ridge mountains east of that city. Westbound, the ruling grades against merchandise and empty coal trains are very slightly heavier on the N&W. Eastbound, the Virginian line has a definite advantage. It crosses the Alleghenies on a 0.6% grade, the Blue Ridge on a 0.2% grade, compared with grades of 1% and 1.2%, respectively, for the N&W.

Since loaded traffic, especially coal, is predominantly eastbound, use of the Virginian line west of Roanoke allows the N&W to increase train tonnage by approximately 50% with no increase in power. Two trains, in other words, do work which formerly required three. East of Roanoke, over the Blue Ridge, where the grade differential is even greater, the N&W formerly used eight diesel units for 140 cars; now, on the old Virginian line, it can handle 200 cars with only three power units. Westbound trains can be handled over either line, because the difference in grades is slight.

Flexibility Required Changes

"We intend," says N&W Vice President and General Manager H. C. Wyatt, "to use the main line of the former Virginian primarily as a one-way eastbound artery."

To achieve the essential flexibility of having both lines available for use in either direction, the N&W has made a number of physical changes.

- It has installed new connections (in addition to those previously existing) at Kellysville, W. Va., 18 miles east of Bluefield; at Sites Crossing and Vinton, just west and east of Roanoke, respectively; and at Virso, nine miles east of Abilene, Va.
- It has lengthened nine passing sidings on the Virginian (and built one new one), at Celco, Whitethorne, Fagg and Kumis, west of Roanoke; and at Goodview, Huddleston, Altavista, Seneca, Brookneal and Phenix, east of Roanoke. Each of the 10 sidings will accommodate 200-car trains, plus locomotives and caboose.
- It is installing two-directional centralized traffic control, with color-position-light signals, on the Virginian from Abilene to Kellysville, 183 miles.
- With the former Virginian line thus available, it plans eventually to retire about 96 miles of second (or third) track on its own main line. The line thus affected will have two-directional CTC with CPL signals, and 200-car passing sidings. Space formerly occupied by the retired track will become available as a roadway for off-track maintenance equipment (One N&W man points out also that, with both lines equipped for two-way operation, either one could be taken temporarily out of service and traffic

▲ **KEY CONNECTION** at Kelleysville, W. V., permits N&W tonnage trains eastbound from Bluefield to benefit from the former Virginian's better grade over the Allegheny mountains. The 2,270-ft link was opened July 1.

◀ **SITES CROSSING** connection, in use since May 4, enables time freight and commercial coal trains to operate between former Virginian line and N&W's Roanoke yard. Connection is 3,400 ft long.

"We are in the process of working out final details for the merger of the [N&W and the Nickel Plate] and we hope to be in a position to file an application with the ICC in the reasonably near future."

—Stuart T. Saunders, N&W president

concentrated on the other, to meet emergencies or carry out heavy maintenance work.)

The Virginian's electrification, from Roanoke to Mullens, W. Va., is still in use, but decision is pending on whether it will be retained or abandoned in favor of diesel power.

Additional Service Changes

Other service changes resulting from the merger include Roanoke yard operations, and movement via the N&W from Gilbert to Bluefield of eastbound coal originating around Kopperston, W. Va., at the extreme west end of the old Virginian. Purpose of this routing change is to take advantage of the N&W's lower grade over Elkhorn mountain (1.4% against 2.07% on the Virginian) which will permit hauling in two trains on the N&W the same tonnage which required three on the Virginian.

At Roanoke, the former Virginian yard (now designated "South Roanoke" yard) will be used as a relay point for fast through handling of tidewater coal, i.e., coal destined to be dumped into export or coastwise vessels at Norfolk. Trains containing merchandise and commercial coal, not destined for vessel dumping at Norfolk, will be routed into the former N&W yard, now designated "West Roanoke" yard. Trains headed for West Roanoke from the old Virginian line can reach it over the new Sites Crossing connection, just west of Roanoke; be routed back to the Virginian line over the new Vinton connection east of Roanoke.

West Roanoke yard is presently being substantially extended and enlarged —though to a lesser extent and at less expense than would have been necessary if the merger had not taken place. The enlargement, plus relief from handling of tidewater coal, is expected to permit efficient and expeditious handling through the yard of merchandise and commercial coal.

At Norfolk, all tidewater coal is being dumped over N&W piers at Lambert's Point, which has several advantages:

- For the railroad, concentration of work at two piers supported by a single yard means more efficient and more economical operation than using four piers and two yards.
- For shippers, it means:

a) Less breakage on certain types of coal by handling over the N&W piers (one of which is low-level) instead of over the Virginian piers, which were both high-level;

b) Chance to fill a vessel quickly at one point with coal from either N&W or Virginian mines, without incurring time and cost of moving the ship from one set of piers to the other; and

c) Opportunity to have coal of different grades from both fields "ready-mixed" as it is dumped into vessel holds.

Shutting down of the Virginian's piers at Sewell's Point also releases for future industrial development some 265 acres of rail-served, deep-water-front property.

Repair Facilities Consolidated

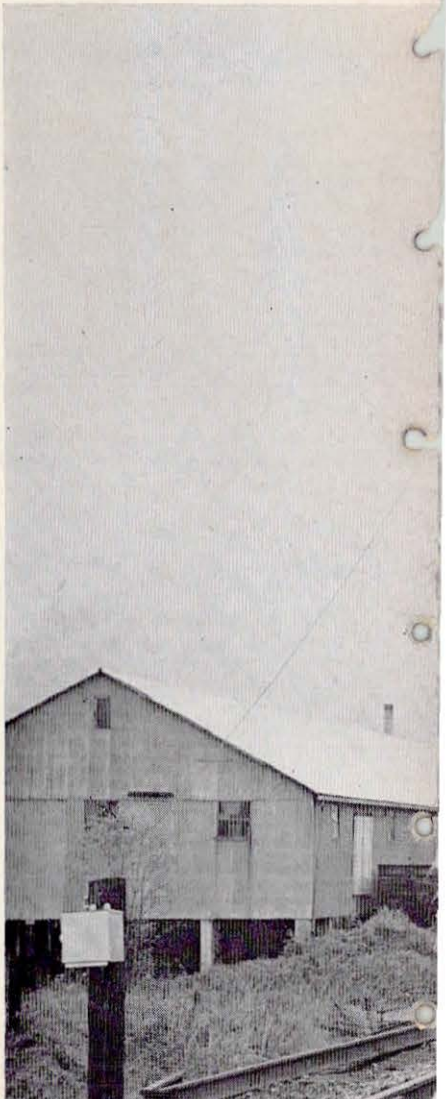
Car and locomotive repairs are, generally speaking, being consolidated at the N&W's Roanoke shops, which are well equipped and have adequate capacity to handle such work for the enlarged system.

To put these physical and operating changes into effect required relatively few organizational changes. That part of the Virginian west of Kellysville, including all its numerous mine branches, has been set up as a separate division—the New River division—of the N&W.

East of Kellysville, parts of the former Virginian have been consolidated with the existing Radford, Roanoke Terminal and Norfolk divisions of the N&W.

Some problems were encountered, of course, in training road crews of one railroad to operate over the other, especially since there were important differences in train rules on the two roads. The N&W, for example, had engineers accustomed to automatic block signals but who had never operated under the manual block system in force on the Virginian.

There were problems, also, with "middle-management" personnel; and in welding together the seniority rosters of the two lines. Both situations were complicated by some differences in union representation. By careful preplanning, however, the N&W succeeded in getting good cooperation from union representatives. Between them, they established a procedure for settling any personnel difficulties which might arise, and within the framework of that proce-



TRAFFIC CONTROL is being installed ▶ on 183 miles of the former Virginian, from Abilene, Va., to Kellysville, W.Va., at a cost of more than $2,225,000. This picture, at Altavista, shows eastbound cantilever signal in the foreground; westbound bracket signal in the background.

dure cases are being handled on what amounts to an individual craft and location basis.

In general, in merger-affected areas where either railroad was clearly dominant, its roster was considered as basic, and employees of the other line were added to that roster. Where the two lines were approximately equal, rosters were "welded" into each other.

These problems were of special importance east of Bluefield-Princeton; of minor, or no, importance, west of those points.

Sales Forces Were United

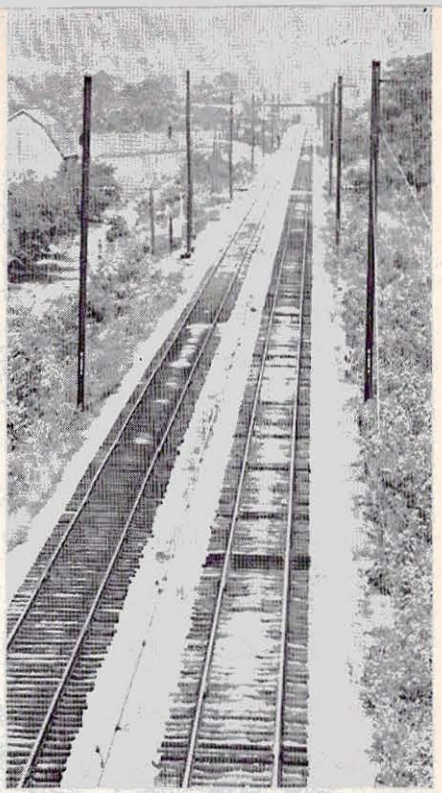
Pre-planning paid off, too, in consolidation of both general and coal traffic sales forces. As of last August, all Virginian traffic office leases had been cancelled and the offices closed and combined with those of the N&W. About 20% of the Virginian's 74 traffic employees took the option of severance pay. The others have already been absorbed into the N&W organization. "It's been done largely through normal attrition," says N&W Traffic Vice President R. N. Woodall—but the process was substantially speeded up by careful advance planning. Mr. Woodall also points out that the severance pay option "was expensive, this year," but adds that it represents a non-recurring cost.

Top management combination presented no problems, as a number of Virginian executives were at retirement age. In general, duties of ranking N&W officers were simply extended to encompass the added responsibilities of operating a larger railroad.

The "new" N&W presently derives about 70% of its revenue, 75% of its tonnage, from coal. Reduction of that ratio to, or toward, 50%, through attraction of more general traffic, is a major objective of President Stuart T. Saunders.

To that end, the industrial development department has been reorganized, and the development counseling firm of Fantus Area Research has been retained to make what may be the most comprehensive study ever undertaken of the industrial possibilities of a railroad's territory. That study is now well under way.

Traffic diversification is also a major reason for the N&W's interest in a possible merger with the Nickel Plate. "That," says Mr. Saunders," would just about meet our 50-50 objective."



NINE PASSING SIDINGS along the former Virginian were lengthened, and one new one built, to accommodate 200-car trains. The one shown here, at Kumis, was extended, westward, by 2,938 ft. Virginian electrification may or may not be retained.

Rising railroad operating costs demand...

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Railroad management, exploring avenues to lower operating c and adequate profits, is forced by limited capital to choose those wh offer the most immediate results, the best return. One such area for h return is motive-power costs, and here the ALCO 251 engine provides immediate solution.

Five years and 200 million miles of operation have shown that 251 can immediately lower the costs of operating a locomotive fleet the only engine that has proved savings like these:

A 10 per cent reduction in fuel costs. Both here and overseas, the A 251 has consistently lowered fuel costs by 8 to 17 per cent. The basi this saving is the 251's turbocharged four-stroke cycle—inherently more cient than two-stroke engines. Aftercooling, advanced injection equipm and combustion-chamber design help the ALCO 251 engine burn less f

In addition, the 251 has the widest tolerance for "low grade" di fuels. This is of paramount importance to railroads that have plans use of these lower-cost grades.

A 50 per cent reduction in maintenance. Railroads with five y of 251 operation have scheduled power-assembly maintenance jobs ev four years, instead of the two-year schedules for other engines. This i

solution:

cates that the 251 will not need major overhaul until it is 10 or 12 years old. There are many reasons for this economy. Among them: chrome-plated liners, pistons with replaceable ring carriers and Ni-Resist top-ring inserts, stellite valve-seat inserts, hardened crankshafts, grooveless main bearings, serrated fits between caps and block.

Apart from this reduction in periodic maintenance, the ALCO 251 has fewer requirements for daily, "turn around" maintenance than any other engine.

The proven cost reductions add up to direct cash savings of $12,000 per engine per year. This figure is dwarfed, however, by the much larger savings possible through reduced maintenance overhead, higher locomotive reliability and improved ton-mile productivity.

Railroad management seeking an improvement in profits will find the ALCO 251 engine to be an immediate solution, worthy of investment. Judged on product quality, the 251 stands far in front.

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Erie-Lackawanna . . .

Merger Creates New Class I RR

The Story at a Glance: In a week of big merger news, one of the significant events was the filing last week of legal papers that officially merged the Delaware, Lackawanna & Western into the Erie. Among its first actions the merged road's board appointed Erie-Lackawanna officers, headed by former Erie President Harry W. Von Willer as chairman, president and chief executive officer.

Books of the Delaware, Lackawanna & Western Railroad Co. closed officially at midnight, October 16. On October 17, the first legal working day papers could be filed after ICC approval of the merger became effective October 15, the 22-member board of directors of the Erie-Lackawanna held their first official meeting, in New York.

Harry W. Von Willer, former president of the Erie Railroad, was named to three top posts: chairman of the board, president and chief executive officer.

Mr. Von Willer's opposite number on the Lackawanna, Perry M. Shoemaker, was named vice-chairman and chief administrative officer. Milton G. McInnes was named executive vice president, the same title he had held on the Erie.

General offices of the new system will be in Cleveland, Ohio, where the Erie had been located.

Work of combining the two former roads into an integrated system has already begun, Vice-Chairman Shoemaker said in New York following the board meeting. Perhaps 10 to 15% of the potential savings from the merger have already been accomplished as a result of earlier coordination work, Mr. Shoemaker pointed out.

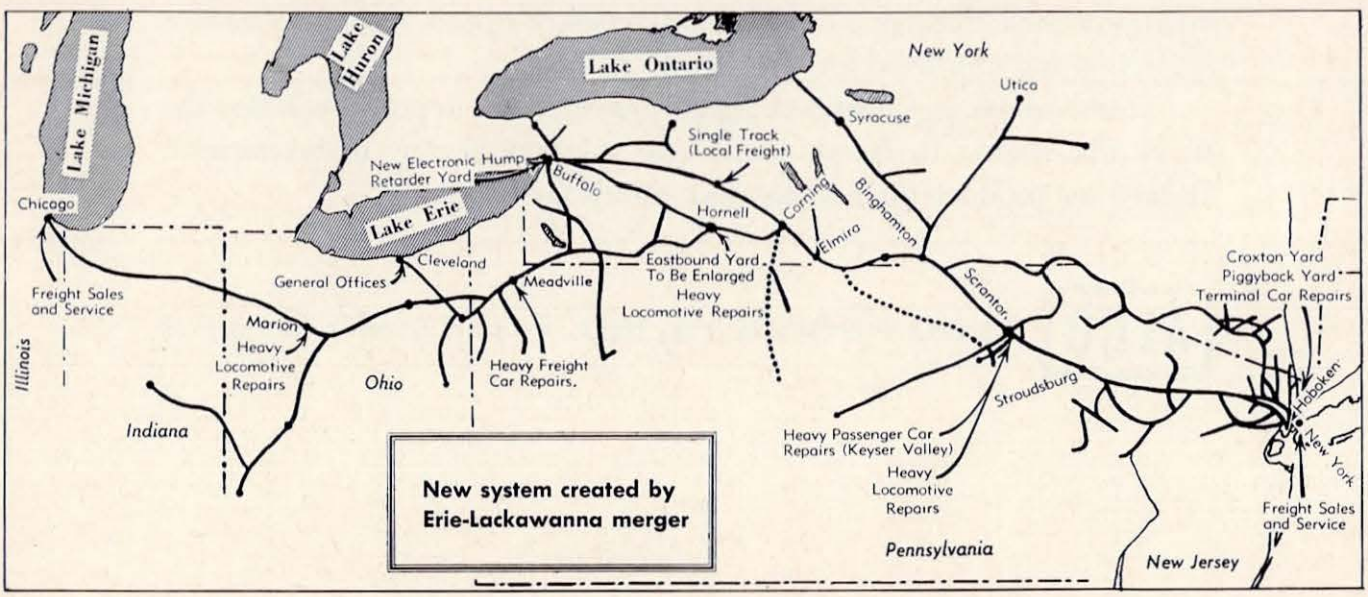
As soon as necessary regulatory approval can be obtained, Mr. Shoemaker said, 122 miles of present double track DL&W mainline between Corning and Buffalo will be single tracked and operated as a freight line. Passenger traffic between New York and Buffalo will move over the present Erie route via Hornell.

Combining former Erie and DL&W freight traffic at Buffalo will make feasible construction of a new $7,000,000 freight yard at East Buffalo, Mr. Shoemaker said. The new road will try to get the longest possible haul via its own route, Mr. Shoemaker said, but, he added, "we're going to try to get the Buffalo business, too. We'll give good service via Buffalo."

Erie-Lackawanna will have both Plan I and Plan II piggyback, Mr. Shoemaker stated.

With one merger under its belt, where does Erie-Lackawanna stand on future mergers, Mr. Shoemaker was asked. "We think we'd better digest what we have before we start thinking of expanding," he replied. "We'd love to have the D&H back in." However, he said, there are no formal talks under way. As to the Erie-Lackawanna role in the overall eastern merger pattern, Mr. Shoemaker declared: "I don't think the Eastern picture is clarified enough to comment."

In addition to officers pictured on these pages, those named by the Oct. 17 meeting were: Eugene S. Root, comptroller (formerly Erie chief of research); Robert H. Hann, secretary (formerly Erie secretary); Jasper Van Hook, treasurer (formerly Erie treasurer); L. B. Coleman, assistant vice president—operations & maintenance (formerly DL&W general manager, Scranton); Fred Diegtel, assistant vice president—labor relations (formerly DL&W assistant vice president); R. L. Davis, Jr., assistant vice president & general counsel—law (formerly DL&W vice-president & general counsel); E. J. Dean, assistant vice president traffic (formerly Erie assistant vice president, traffic); C. R. Martin, assistant vice president, traffic (formerly Erie assistant vice president, traffic); W. W. Thoms, assistant vice president, staff (formerly Erie assistant vice president, staff); J. L. Barngrove, Jr., assistant vice president, staff (formerly DL&W general traffic manager); H. C. Well, assistant vice president, rates (formerly Erie freight traffic manager); and D. M. Lynn, assistant vice president, industrial development (formerly Erie assistant vice president, industrial development).



Who's Who in new Erie-Lackawanna management

H. W. VON WILLER
Chairman, President and Chief Executive Officer

P. M. SHOEMAKER
Vice-Chairman, Chief Administrative Officer

M. G. McINNES
Executive Vice-President

G. C. WHITE
VP-Operations

D. R. THOMPSON
VP-Marketing

H. C. SCHMIDT
VP-Sales

M. C. SMITH, JR.
VP-Gen. Counsel

G. W. OAKLEY
VP-Accounting

G. C. FRANK
Asst. to Pres.

C. K. JAMES
Supt. MP

J. S. PARSONS
Chief Engr.

C. F. BAYER
Mgr.-P&S

F. YOUNGWERTH
Comm. & Signals

K. H. CARPENTER
Supt.-Car Dept.

A. G. OLDENQUIST
Pass. Traf. Mgr.

FREIGHT CARS on the new road will sport maroon emblems and lettering on a gray car body. The disc in the diamond is white instead of gray to provide better visibility. The merged road starts business with a grand total of 31,347 freight cars.

MAJOR CHANGES in the merged roads will include a new electronic hump retarder yard at Buffalo, conversion of 122 miles of double track DL&W main line into a single track freight line and enlarged yards at major junctions to serve the consolidated routes shown here.

Boards Support, Criticize RRs

► **The Story at a Glance: Strong support for, and sharp criticism of, railroads emerged in about equal measure from the 24th annual meeting of the National Association of Shippers Advisory Boards at Minneapolis, Oct. 11-13. At it, shippers, either by action or implication, threw their weight behind railroad efforts to extend truck operations and otherwise diversify services. But they also urged the carriers to improve the dependability of existing operations; and expressed "objection to and disapproval of" budget-compelled cuts in shipper-oriented activities of the Association of American Railroads.**

Railroad terminal delays, and approaching curtailments in operations of the AAR's Car Service Division, drew sharp fire from representatives of the 13 regional shipper advisory boards at Minneapolis, Oct. 13.

The shipper delegates, at the same time, adopted a resolution advocating "complete removal" of key point restrictions on railroad truck operations, and applauded NASAB President W. C. Cole's call for "an integrated, coordinated transportation industry."

The meeting's most explosive fireworks were touched off by the announcement that AAR budget cuts—first revealed in Railway Age, Oct. 10, p. 10—would involve closing five regional offices of the Car Service Division, and would probably extend also to work of the Freight Loss & Damage Prevention Section and to activities related to less-carload freight.

The result was adoption of a resolution stating that NASAB "vigorously objects to and expresses its disapproval of this action . . . strongly urges its reconsideration . . . and earnestly recommends that all existing services and facilities related to advisory board work be continued at least at their present level."

Behind the resolution were statements that "effects of these proposed economies could be far-reaching in maintenance of services required by shippers"; that "results can only be adverse to activities and purposes of the advisory board movement"; and that the action "will tend to tear down accomplishments made through the years to the benefit of rail transportation."

Mr. Cole further described "the course followed by the AAR in cutting the Car Service Division" as "entirely opposite to what should be followed. That division," he said, "is a sales effort, and when business falls off is the time to intensify sales efforts—not cut them back."

Additional shipper criticism was directed toward irregularities in railroad service, and toward "railroad car detention" arising from "unwarranted delays in origin, intermediate or destination terminals, in interchange, or on rip tracks." This led to adoption of two resolutions: The first urged railroads "to take immediate and effective steps to eliminate terminal delays with the objective of establishing the regular and reliable service necessary to the economy of the country." The second resolution opposed "use of car detention statistics as a basis for changes in demurrage charges."

Both resolutions stemmed from the report of the association's Car Efficiency Committee, which called for:

- Better education of all concerned in handling and keeping track of equipment provided for damage-free freight cars.
- Development by the carriers of reliable statistics on the percentage of time loaded cars are delayed in transit, and especially in terminals.
- Provision of consistent service, to eliminate irregularities alleged now to occur on repeated movements of the same traffic between the same points.
- Notification to shippers of bad-order cars delayed 48 hours or more in transit.
- Better application of cars to specific needs of shippers.

It was the shippers' LCL Committee, headed by R. W. Buck, traffic manager, Stearns & Foster Co., Cincinnati, which presented the resolution urging "complete removal of key point restrictions to permit greater flexibility in use of trucks in substituted LCL service."

The same committee also won ratification of a proposal for a meeting between NASAB and AAR representatives "to formulate a plan that will provide improved LCL service on a national basis." In support of this resolution, the committee cited the facts that the AAR has found the proposed single-agency LCL plan "not now feasible"; and that there has been no carrier agreement on the Eastern railroads' proposal for railroad routing of LCL; but that some railroads have proved LCL can be handled profitably. On this latter count, the Union Pacific, the Northern Pacific and the Great Northern were especially commended by the committee.

The shippers' Freight Loss & Damage Committee (P. G. Jefferson, general traffic manager, Fairbanks, Morse & Co., Chicago, chairman) presented, in the wake of its "disappointing" report, a resolution calling for "further development of damage-preventing railroad equipment," and another asking shippers, carriers and container manufacturers to give closer attention to the design, strength, general suitability and testing of containers. Both resolutions were adopted.

The association's Clean Car Committee (G. W. Wright, Midwest traffic manager, International Salt Co., Chicago, chairman) pointed out that failure to clean cars thoroughly on unloading was costing an estimated 10 million car-days per year.

Diversification of railroad services was a major topic in the report of NASAB's retiring president, Mr. Cole, who is general traffic manager, Georgia-Pacific Corp., Portland, Ore.

"Over the years," Mr. Cole said, "the advisory board movement has made great progress . . . but is now facing perhaps its greatest challenge since World War II. My reference is to the growing demand by the shipping public for an integrated, coordinated transportation industry. . . .

"Unless a complete transportation facility can be developed to do a better job than has been provided in the past, regulated transportation—and particularly the railroads—are headed for trouble, because the shipper will continue to find ways and means of providing it for himself. . . .

Mr. Cole also suggested that the boards "broaden their activities to include motor carriers, at least to the extent they relate to railroad service."

L. E. Olson, chairman of the association's Program and Attendance Committee entered a strong plea for closer shipper-carrier cooperation through the advisory boards. "All those on the manufacturing and distributing side of transportation," he said, "must recognize their faults and cooperate with the railroad industry by correcting those practices. This includes those receivers who leave cars in a dirty and hazardous condition . . . users of transportation who create undue car detention by holding railroad freight equipment for warehousing . . . those who carelessly stow freight, resulting in damage or loss.

"The railroad industry, by the same token, should not criticize shippers and receivers for those practices, such as dirty cars, car detention, and others

. . . which they have either openly or silently condoned under the cloak of competition.

"We must approach our transportation problems on the basis of shipper-carrier cooperation, with dignity, always looking forward to a strong and efficient railroad freight transportation system. On the other hand, we have every right to expect that rail representatives at advisory board meetings will freely discuss with us their individual company's plans as well as problems. . . . The railroad industry should make it mandatory that their interest and activities be increased by a greater attendance of traffic and operating officers. . . .

"The boards must broaden their activities, thinking and programs to include consideration of every facet of freight transportation as it concerns movement via rail. They must never overlook changes in competitive forms of transportation, which have an important bearing on development and technological changes in rail transport."

Speaking at the association's luncheon on Oct. 13, C. D. Buford, vice president, Operations and Maintenance Department, AAR, outlined "customer relations on Russian railroads," as he observed them last spring.

Russian railroads, he told the U.S. shippers, have no concept of traffic solicitation. Industries are expected to forecast their car loading requirements with extreme accuracy. They may be fined up to $20 per car for shipping less than the predicted amount; but railroads may refuse to carry freight in excess of the forecast car requirements.

Shippers are also expected to load all cars to capacity; to unload them clean; and to load and unload them within established time limits, and are subject to fines for failure to comply with any of those requirements. Railroads, on the other hand, may be fined if they fail to deliver freight on schedule, or if they furnish dirty cars.

The "real significance" of Russian transport policy, Mr. Buford said, lies in "the thoroughness with which the Soviets have analyzed true costs of rail, highway and water transport—and found that in their continental area, rail is cheapest."

Karl S. Wright, general traffic manager, Carborundum Co., Niagara Falls, N. Y., was elected president of NASAB to succeed Mr. Cole. L. E. Olson, assistant director of traffic, Great Lakes Carbon Corp., Chicago, was moved up from second to first vice president; and R. J. Tyler, general traffic manager, Tube Turns and Girdler divisions, Chemetron Corp., Louisville, Ky., from secretary to second vice president. Frank L. O'Neill, general traffic manager, Minnesota Mining & Manufacturing Co., St. Paul, was elected secretary.

Railroading After Hours with Jim Lyne

COLLEGE STUDENT RAILROADERS — Personnel Vice President Clyde Pearson of the Great Northern has sent me a list of college students employed temporarily on his railroad during the past summer. There were 443 of them in all—plus an additional 11 high school seniors and 19 teachers, a lawyer from London, England, and 6 students from colleges not identified by name—a grand total of 480 temporary employees from academic precincts.

The colleges from which the 443 students hailed totaled 111, located in 27 of the 50 states—some of them a long way from GN territory. One student was from Alaska, 2 from Texas, one from Georgia, and a fair sprinkling from the Atlantic seaboard. Most of the schools had only one or two of their students on the GN payroll—but the totals ran higher for several institutions, notably Minnesota University with 81, Montana University with 22, Knoxville (Tenn.) College wih 20—and Montana State and St. Thomas (at St. Paul) also with 20 each.

LULLABY ON AIR FREIGHT—I saw a report the other day of a speech by a UCLA professor in which he said that air freight was not growing the way its pioneers had hoped or expected; and that it is still largely limited to emergency movements and package shipments. He urged the air carriers to go in for "selective rate reductions" as a part of their sales technique—this being sound practice when engaged in by non-rail carriers, apparently, but rapped as reprehensible if railroads do it.

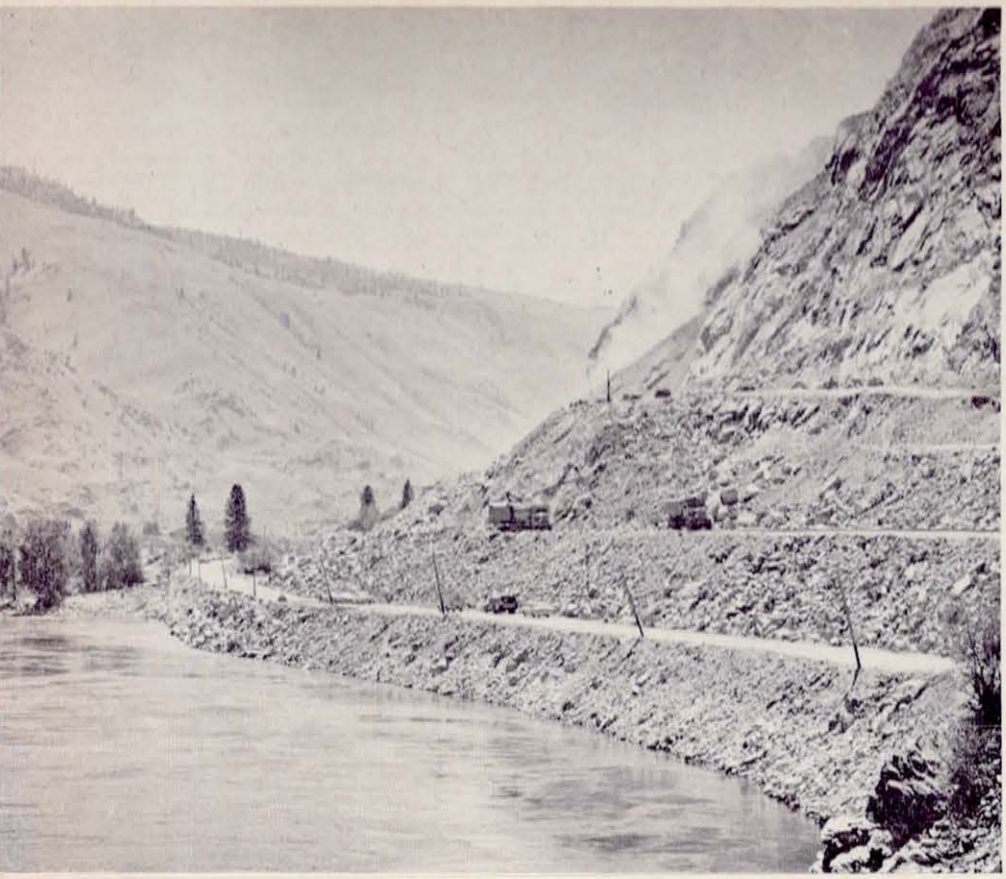
I hope this temperate opinion on the future of air freight is justified, but I'd be sorry to see railroad traffic people put to sleep by it. I heard the same kind of don't-worry talk, over and over again, about the motor truck in its early days. One railroad president once told me that he wasn't concerned about "types of transportation that come and go." He thought trucks were birds of passage, like the interurban trolley lines had been. It's safer to exaggerate a competitor's threat than to try to talk it down.

AUTO-LESS CITIES?—There's an architect and city planner named Victor Gruen who seems to be one of the leading torch-bearers for barring autos from centers of big cities. He wants to turn downtown main streets into "pedestrian malls"—no vehicular traffic at all (and there are other urban planners who agree with him). Such cities, of course, would have to have greatly improved suburban and transit service by rail.

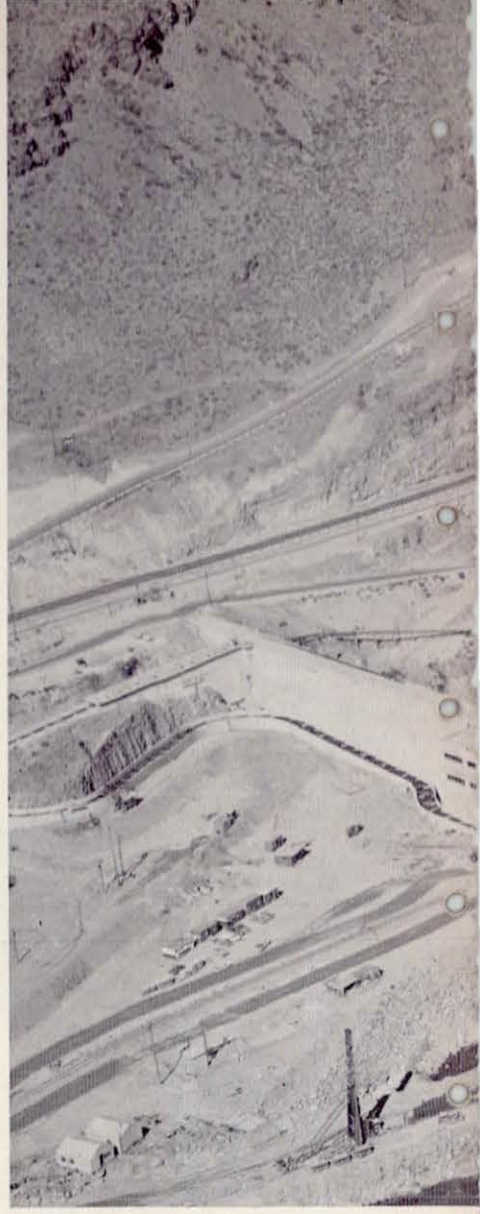
All they have to do is to find the money—but they've found it for bridges and vehicular tunnels and superhighways. Anyhow, it's a municipal problem—not one for railroads to solve, with all the really remunerative ways they have for investing that kind of money.

STEAM REFUSES TO DIE—The running of steam-powered trains "just for the ride" seems to be catching on as standard practice in various parts of the country. I have a letter from V. Allan Vaughn of the Chicago Great Western at Oelwein—he is an officer of the National Railway Historical Society—telling me about an excursion operated over a part of the Milwaukee's Iowa division on September 17-18.

The train was pulled by a former Illinois Central 2-8-0, which is owned personally by one of the Society members. In addition to Hiawatha-type coaches on this run, they even had an old combination car, lighted by gas. Special watering facilities had to be set up en route. Planning the trip took (and got) a lot of cooperation from the railroad, and from the ICC staff which had to give the engine a special inspection.



PROBLEM: Waters of Columbia River will soon rise here, inundating highway and railroad line directly above it. Roadbed for relocated railroad is taking shape at higher level.



SOLUTION: Relocated railroad and the paralleling highway are shown on the opposite side of the river in this view of Rocky Reach dam.

Dam Construction Forces GN to

► **The Story at a Glance: Construction of the Rocky Reach dam in the Columbia River has required relocation of a section of the Great Northern's Wenatchee-Oroville branch in Washington. The construction work, which included relocation of a highway and a town, was characterized by heavy rock excavation in establishing the new roadbed on the steep slope of the gorge. Another dam now in planning stage will require a second relocation farther upstream.**

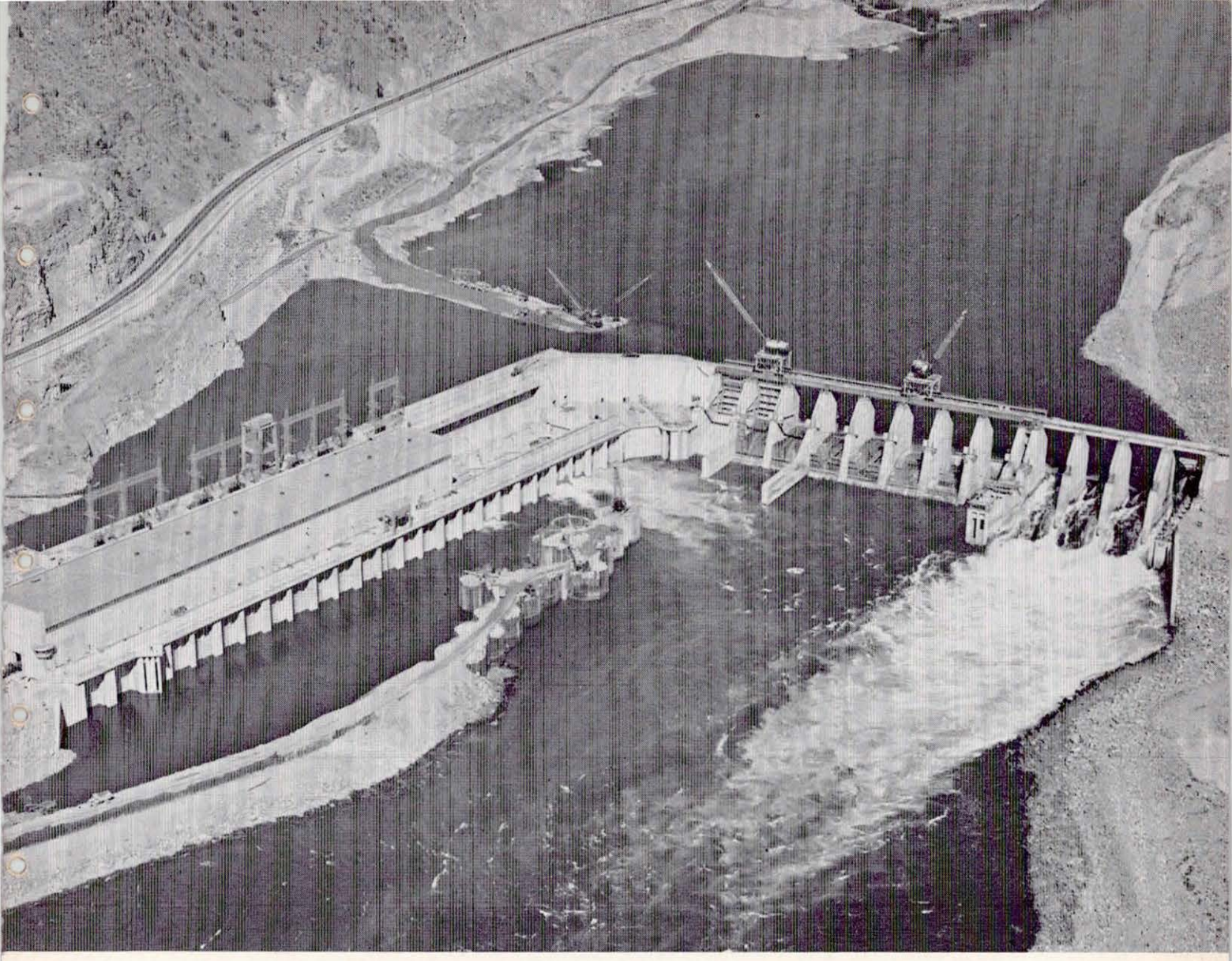
For a distance of nearly 25 miles the Great Northern has had to move its Wenatchee-Oroville branch to higher elevation on the rocky walls of the Columbia River gorge. Reason: the construction of Rocky Reach dam, which will back up the waters of the river for about 42 miles. At the dam, where the water level will be boosted nearly 100 ft, the track grade has been raised 66 ft.

The railroad line involved extends from a connection with the main line of the Cascade division at Wenatchee, Wash., in a generally northerly direction through Oroville to Keremeos in British Columbia. The territory served is described by the railroad as the principal apple-growing center of the United States and Canada. From late September until June, thousands of apple-carrying reefers are moved down the line to Wenatchee.

Rocky Reach dam is a project of the Chelan County Public Utilities District No. 1. Estimated to cost $273 million, it was started several years ago. By 1958, the concrete mass of the dam began to rise above the foundation level. In June of that year the first step in relocating the railroad was undertaken by the construction of a 6,800-ft shoo-fly in the vicinity of the damsite.

The railroad relocation, now in operation, begins near Milepost 5.5 and extends to Milepost 30. However, certain items of work, including riprapping the roadbed slopes at critical points upstream from the dam and the final raising of the grade northerly from the end of the relocation, remain to be done. The latter work, which will extend to Milepost 50, is expected to be completed in December.

In addition to the railroad relocation, the project required raising a highway



Relocate Portion of Branch Line

to a higher elevation and the relocation, also to higher ground, of the important apple-shipping center of Entiat, located about 12 miles above the dam. The cost of resettling the community is estimated at $33 million.

Roadbeds Cut from Gorge Wall

To relocate the railroad and the highway it was necessary to cut roadbeds out of the steep and rocky wall of the gorge. This required the excavation of almost 8½ million cubic yards of rock at a cost of more than $9 million. Two major bridges—one railroad and the other highway—added another million dollars, and the cost of constructing the new trackage tacked on an additional $1½ million.

With both railroad and highway traffic to be kept moving, it was necessary at one time for both types of traffic to share a single-track railroad tunnel 700 ft long. For more than a year, traffic lights controlled one-way alternating highway traffic through the tunnel—and blocked all automotive traffic when trains approached. This tunnel, formerly 30 ft above the previous high-water mark, will be well below the surface when the water reaches its final level behind the dam.

The railroad bridge, a three-span deck-plate girder structure, has the distinction of possessing the longest girder spans on the GN system. The center span is 102 ft long and the flanking spans are 101 ft long. This structure spans the Entiat River at a point where the stream will form a bay of the lake that will rise behind the dam. After the water has reached its final level there will still be sufficient clearance under the bridge for the safe passage of pleasure boats.

Prime contractor for the relocation work was Stone & Webster Engineering Corporation. The grading was sublet to several earthmoving companies, while the work of laying the tracks was subcontracted to the railroad.

Even before the Rocky Reach relocation has been finally completed, the prospect looms of another relocation farther upstream. Now in the planning stage is a dam near Azwell, a station on the Wenatchee-Oroville branch almost 20 miles beyond the northernmost point of the Rocky Reach project.

James A. Swanson
C&NW

H. L. Smith, Jr.
EMD

William T. Goodall
Wyandotte

Shirl A. Thompson
Sperry

People in the News

ATLANTIC COAST LINE.—**Robert L. Cornelius,** assistant to comptroller, Jacksonville, Fla., appointed assistant comptroller there.

H. F. Martin, superintendent terminals, Port Tampa, Fla., appointed manager, Port Tampa Docks.

BURLINGTON.—**R. G. Johnson,** assistant to vice president-operation, named general superintendent transportation, to succeed **I. C. Ethington,** appointed assistant general manager, Lines East, Chicago. **E. R. Shrader,** assistant to general manager, and **N. D. Blackburn,** assistant superintendent transportation, named to the newly created positions of superintendent transportation, Chicago.

P. L. Bair, city passenger agent, St. Louis, appointed district passenger agent there, and has assumed the duties of the late **A. G. Sudhoff,** general agent, passenger department. **Walter C. Schmidt,** special movements clerk, Chicago, appointed general agent of the passenger department, St. Paul, Minn., succeeding **A. E. Stevens,** who retired Sept. 30.

CENTRAL OF GEORGIA.—**L. S. Wood, Jr.,** division freight agent, Columbus, Ga., appointed assistant general freight agent there, succeeding **G. E. Johnston** (RA, Sept. 26, p. 64). **E. T. Lilly,** commercial agent, Atlanta, Ga., appointed assistant general agent, Tampa, Fla., succeeding **L. H. Wilson,** (RA, Oct. 10, p. 38). **H. M. Williams, Jr.,** commercial agent, Nashville, Tenn., succeeds Mr. Wood.

CHICAGO & NORTH WESTERN.—**James A. Swanson,** general freight traffic manager in charge of rates and divisions, Minneapolis & St. Louis, named to the newly created position of freight traffic manager-rates, C&NW, St. Paul, Minn.

ERIE.—**Ward F. Wilson,** assistant division superintendent, Mahoning division, Youngstown, Ohio, appointed superintendent, Allegany-Meadville division, Salamanca, N. Y., succeeding **Donald A. Logan,** granted a leave of absence. **Lloyd J. Carter,** chief trainmaster, Hornell, N. Y., succeeds Mr. Wilson at Youngstown.

JERSEY CENTRAL.—**George C. Wilms, Jr.,** assistant superintendent of motive power and rolling equipment, Elizabethport, N. J., promoted to superintendent of motive power and rolling equipment there, succeeding **Henry E. Whitener,** who retired Sept. 30.

Robert G. Hamlin appointed manager of industrial development, New York, succeeding **Ross E. Rowland. William J. Desmond,** assistant division freight agent, Elizabeth, N. J., named industrial agent to assist Mr. Hamlin. **Edward M. Hoare,** appointed general agent, **Wharton & Northern,** Wharton, N. J., succeeding **John J. Regan,** who replaces Mr. Desmond.

MILITARY TRAFFIC MANAGEMENT AGENCY.—**Forest V. Ream,** rate analyst, Freight Division, Washington, D. C., has retired after more than half a century in transportation service.

MISSOURI PACIFIC.—Effective Nov. 1, **S. O. Selder,** district manager perishable freight, Los Angeles, appointed general agent there, to succeed **Charles R. Smith,** retiring. **John D. Tompkins** named to replace Mr. Selder. **John Chovan** appointed general agent, New York, succeeding **George J. Schmidt,** named assistant traffic manager there. **Earl H. Crawford** named general agent, Columbia, S. C.

MONON.—**Charles C. Dawes,** vice president, elected executive vice president.

NEW HAVEN.—**William H. Beebe,** director of audits and methods, appointed assistant to comptroller, New Haven, Conn., with jurisdiction over general accounting, Grand Central Terminal accounting and audits and methods. **Carl W. Weingartner,** general accountant, retired Oct. 15.

NEW YORK CENTRAL.—**Charles R. Drake,** assistant manager of industrial development, New York, appointed assistant to director of Flexi-Van sales and service.

READING.—**Edward B. Sonnheim,** assistant resident engineer, Philadelphia, Pa., appointed resident engineer there, succeeding the late **Kingsley W. Ebert. Robert W. Wyatt** succeeds Mr. Sonnheim.

WESTERN PACIFIC.—**John W. Burkhard,** staff assistant to the vice president—marketing, promoted to assistant to sales manager—trailer on flat car service, San Francisco.

OBITUARY

Leo Oliver Grashoff, vice president, comptroller and secretary, **Chicago Great Western,** Oelwein, Iowa, died Oct. 7.

Supply Trade

H. L. Smith, Jr., has been named assistant chief engineer of **Electro-Motive Division, General Motors,** with responsibility for end product design, including locomotive design, export and production drafting groups. Mr. Smith was formerly locomotive section engineer.

William T. Goodall has joined the Railroad department, **J. B. Ford Division, Wyandotte Chemicals Corp.** as a special representative—railroads, at St. Louis, Mo.

Shirl A. Thompson has been appointed assistant to the president of **Sperry Products Co.,** division of Howe Sound Co. He will work in the promotion of new products developed by Sperry for the railroad industry.

John S. Gallagher, transportation consultant, has joined the staff of **Planning Research Corp.,** West Los Angeles, Calif., as a senior associate in the Economic Research Division.

North American Car Corp. will move its general offices from 231 S. LaSalle Street, Chicago, to the Mutual Trust Life Insurance Company Building, 77 S. Wacker Drive, Chicago, about Jan. 1, 1961.

George B. Robbins appointed general manager of the new electronics division of **Fairbanks, Morse & Co.,** West Hartford, Conn.

T-Z Railway Equipment Co. has appointed **John F. McMullen,** Cleveland, to represent the company in Cleveland and surrounding areas.

Robert L. Carmichael has been named New York district sales manager, Railroad Products Division, **American Brake Shoe Co.** Mr. Carmichael was formerly Railroad Products' district sales manager at Houston, Tex.

S. C. Stafford has been elected chairman of the board of the **Adams & Westlake Co.,** Elkhart, Ind. **George O. Peckham,** vice president, has been elected president, succeeding Mr. Stafford. **Marion B. Shelly** has been named vice president. **Rudolph C. Hasse** becomes secretary and treasurer.

An agreement to merge the **Ward Industries Corp.** of New York and **Idaho Maryland Industries, Inc.,** of Los Angeles has been approved in principle by the board of directors of the two companies. Idaho Maryland recently acquired all rights in the United States to the "Liquefreeze" process.

Alfred E. Jones has been appointed assistant director of procurement of **Koppers Co.,** Pittsburgh, Pa. Mr. Jones was formerly manager of the Plastics, and Chemicals and Dyestuffs Sections.

Dividends Declared

AKRON, CANTON & YOUNGSTOWN.—common, 40¢, quarterly, paid Oct. 15 to holders of record Oct. 1.

ALABAMA GREAT SOUTHERN.—common, $4, semiannual; 6% participating preferred, $4, semiannual, both payable Dec. 23 to holders of record Dec. 2.

ALGOMA CENTRAL & HUDSON BAY.—25¢, quarterly; 6% preferred, 75¢, quarterly, both payable Dec. 1 to holders of record Nov. 15.

ERIE.—stock dividend, one-quarter additional share of common stock for each share held, payable to holders of record Oct. 17.

LAKE SUPERIOR & ISHPEMING.—40¢, quarterly, paid Sept. 15 to holders of record Sept. 1.

MAHONING COAL.—$10, increased, paid Oct. 1 to holders of record Sept. 26.

MISSOURI PACIFIC.—Class A, 60¢, quarterly, paid Oct. 1 to holders of record Sept. 19.

MOBILE & BIRMINGHAM.—4% preferred, $2, semiannual, payable Jan. 3, 1961, to holders of record Dec. 1.

MARKET OUTLOOK *at a glance*

Carloadings Rise 1.1% Above Previous Week's

Loadings of revenue freight in the week ended Oct. 15 totaled 653,145 cars, the Association of American Railroads announced on Oct. 20. This was an increase of 7,129 cars, or 1.1%, compared with the previous week ended Oct. 15 totaled 653,145 12.7%, compared with the corresponding week last year; and a decrease of 43,258 cars, or 6.2%, compared with the equivalent 1958 week.

Loadings of revenue freight for the week ended Oct. 8 totaled 91,778 cars; the summary, compiled by the Car Service Division, AAR, follows:

REVENUE FREIGHT CARLOADINGS
For the week ended Saturday, Oct. 8

District	1960	1959	1958
Eastern	91,778	83,634	96,276
Allegheny	105,196	82,898	115,604
Pocahontas	52,837	46,963	53,825
Southern	115,062	114,914	120,335
Northwestern	102,249	67,234	109,624
Central Western	126,106	114,362	137,199
Southwestern	52,788	47,571	53,658
Total Western Districts	281,143	229,167	300,481
Total All Roads	646,016	557,576	686,521
Commodities:			
Grain and grain products	67,504	46,247	67,726
Livestock	9,486	10,346	12,820
Coal	109,189	106,416	121,688
Coke	6,483	3,029	7,939
Forest Products	38,816	39,407	39,388
Ore	50,631	8,208	53,706
Merchandise l.c.l.	36,182	42,927	47,741
Miscellaneous	327,725	300,996	335,513
Oct. 8	646,016	557,576	686,521
Oct. 1	631,645	572,352	677,625
Sept. 24	617,635	587,611	673,380
Sept. 17	598,716	577,457	667,760
Sept. 10	481,057	477,616	666,223
Cumulative total, 40 weeks	23,924,687	23,975,640	23,057,939

PIGGYBACK CARLOADINGS.—U. S. piggyback loadings for the week ended Oct. 8 totaled 11,865 cars, compared with 8,943 for the corresponding 1959 week. Loadings for 1960 up to Oct. 8 totaled 426,824 cars, compared with 317,932 for the corresponding period of 1959.

IN CANADA.—Carloadings for the nine-day period ended Sept. 30 totaled 104,284 cars, compared with 78,650 for the previous seven-day period, according to the Dominion Bureau of Statistics.

	Revenue Cars Loaded	Total Cars Rec'd from Connections
Totals for Canada		
Sept. 30, 1960	104,284	34,933
Sept. 30, 1959	117,093	37,240
Cumulative Totals		
Sept. 30, 1960	2,776,167	1,053,649
Sept. 30, 1959	2,881,523	1,051,715

New Equipment

FREIGHT-TRAIN CARS

► *North American Car.*—Ordered seven 70-ton flats from General American for mid-November delivery. They will be converted to multi-level auto carriers by the addition of Whitehead & Kales auto racks.

FOREIGN

► *Sudan.*—Has invited bids for supply of 752 railroad cars: 580 steel flat cars of nine-ton capacity; three steel and aluminum box cars of nine-ton capacity; 120 all-steel box cars of nine-ton capacity; six 2,000-gallon water tank cars; 15 2,000-gallon oil tank cars; 28 cabooses. Bids should reach the assistant general manager (supplies), the Sudan Gezira Board, Barakat, Sudan, by 12 noon, Nov. 1. Prices should be in pounds sterling F.O.B. and C.I.F. Port Sudan.

SPECIAL

► *United States Air Force.*—Will acquire two prototype power generating cars for the Air Force Minuteman intercontinental ballistic missile trains. American Car and Foundry Division of ACF Industries will design, develop and manufacture the cars under contract with Boeing Airplane Co., which will install diesel generators and other equipment. The cars, which will weigh approximately 282,000 lb apiece, will be similar in appearance to baggage cars. The first car will be delivered in April 1961.

► *Western Fruit Express.*—Has bought 10 refrigerated semi-trailers manufactured by Brown Trailer division of Clark Equipment Co. through American Car and Foundry division of ACF Industries. The trailers, of the 40-ft mechanically refrigerated aluminum-van type, will be used in a pilot piggyback operation over the Great Northern's routes.

Orders and Deliveries

► *Orders Increase.*—Orders were placed in August 1960 for 1,343 new freight cars, compared with 1,306 in July. August 1959 orders totaled 1,753. Deliveries in August totaled 4,124, compared with 3,893 in July, and 4,890 in August 1959. The backlog of cars on order and undelivered as of Sept. 1, 1960, was 23,866, compared with 26,658 on Aug. 1 and 37,172 on Sept. 1, 1959.

Type	*Ordered August 1960*	*Delivered August 1960*	*Undelivered Sept. 1, 1960*
Box—Plain	0	1,247	7,538
Box—Auto	0	0	200
Flat	346	338	2,092
Gondola	0	411	3,869
Hopper	550	1,264	5,206
Cov. Hopper	11	179	440
Refrigerator	100	435	3,177
Tank	286	218	983
Caboose	0	29	121
Other	50	3	240
Total	1,343	4,124	23,866
Car Builders	708	2,315	10,688
Railroad Shops	635	1,809	13,178

Employee Magazines Appraised

Railroad magazine editors met in Chicago recently to take a long, hard look at their publications. Top industry leaders joined in the searching appraisal of the primary channel of communication between management and labor. In the words of one expert they found the employee magazine "a keystone in the continuing structural soundness" of the railroad industry.

Writers attending the 38th annual conference of the American Railway Magazine Editors' Association were told that their major responsibility was to gain the "understanding and loyalty of railroad employees" through the "effectiveness of management's communications."

Panelists, headed by Jim Schultz, LIRR, looked to the future of employee publications. Holcombe Parkes, President, Railway Progress Institute and a former ARMEA leader, suggested added uses of company house organs to aid sales and service departments in promotional activities.

Gus Welty, Western Editor, Railway Age, urged the editors to fill the information gap being monopolized by the labor press; to treat controversial subjects factually, calmly and understandably. Mr. Welty pointed to the wealth of publicity available to union members from organization sources and underscored the need to build confidence in employee publications as vehicles of objective presentation of management's side of stories that become distorted from partisan union treatment.

H. S. Dewhurst, representing AAR vice-president J. Handly Wright, reminded the editors that every employee is a public relations representative and "what railroad employees do, believe and say depends largely upon the information they get and the attitudes this information generates." Avoiding controversial subjects in company publications "leaves to others a wide-open field on which to spread the fertilizer of misinformation."

Readable statements of management's stand on controversial issues are welcomed by employees, Mr. Dewhurst explained. He cited an Opinion Research Corporation survey to support his contention that management "has a right—indeed a duty—to talk over controversial matters with employees" and that "employees are deeply interested in company policy."

Mr. Dewhurst concluded, "Railway magazine editors can proceed on the sound principle that there can be no solution to problems until the problems are fully understood. Problems can't possibly be understood and resolved if employees depend almost exclusively on the labor press and grapevine communications. Employee magazines can feed facts, not speculation, into the picture. They can give cause for pride. They can improve attitudes."

A highlight of the conference was the bestowing of honors by the editors' association on the Illinois Central Magazine for excellent use of features and on C&O's Chessie News for excellent editorial writing. ARMEA's John Green Memorial Award was presented to these two magazines for "outstanding achievement in furthering the understanding of railroading." The Illinois Central Magazine also shared honors with Union Railroad's URR News as runner-up for ARMEA's annual award for excellence in editorial writing. Certificates of commendation for use of features went to Bangor & Aroostook's Main Line and to the Norfolk & Western Magazine.

In a letter accepting the award for Chessie News, Walter J. Tuohy, C&O President, wrote, "The industry's greatest asset is its men and women, and we have a definite obligation to communicate with them frequently, accurately and frankly. Good communications create the understanding and unity of purpose so necessary for progress."

Elected to head the organization during 1961 was John J. Knifke, editor of the Santa Fe Magazine. Assisting Mr. Knifke are newly elected Vice Presidents Robert J. Schiek, EJ&E and Albert E. Brinkley, B&LE, Secretary John W. Tilsch, Santa Fe, and Treasurer Ronald L. Coleman, CG. ARMEA executive committee for the coming year will consist of John E. Coonley, IC, Paul A. Blauvelt, LIRR, Mrs. Harriet H. Cobb, B&O, and William J. Girgash, C&O.

Court Bars Rutland Seizure

A series of actions by the State of Vermont to restore service on the strike-bound Rutland Railroad came to a halt in Federal District Court last week. Federal Judge E. W. Gibson granted a temporary restraining order against the state in its attempt to take over the Rutland. The state had earlier declared the railroad in receivership and had appointed the chairman of the State Highway Board as receiver to operate the railroad.

Under the terms of Judge Gibson's restraining order, the state must reply this week to railroad charges that the attempted state seizure was illegal.

The receivership, granted in Rutland Chancery Court on Oct. 17 by Judge L. W. Morrison, Vermont chancellor, was not granted because of bankruptcy. The state action, according to Attorney General T. M. Debevoise, was brought by the state in its capacity as the "protector and promoter of the economic welfare and being of its residents," which the state said, gave it the right to "appeal to the court of equity in the interest of its citizens."

Behind the legal maneuvering lay the fact that Rutland operations had been closed since Sept. 16 by a strike of about 100 operating employees, members of the BLE, BLF&E, ORC&B, and BRT. The strike issues center on a decision by Rutland management to revise freight schedules and change certain terminals.

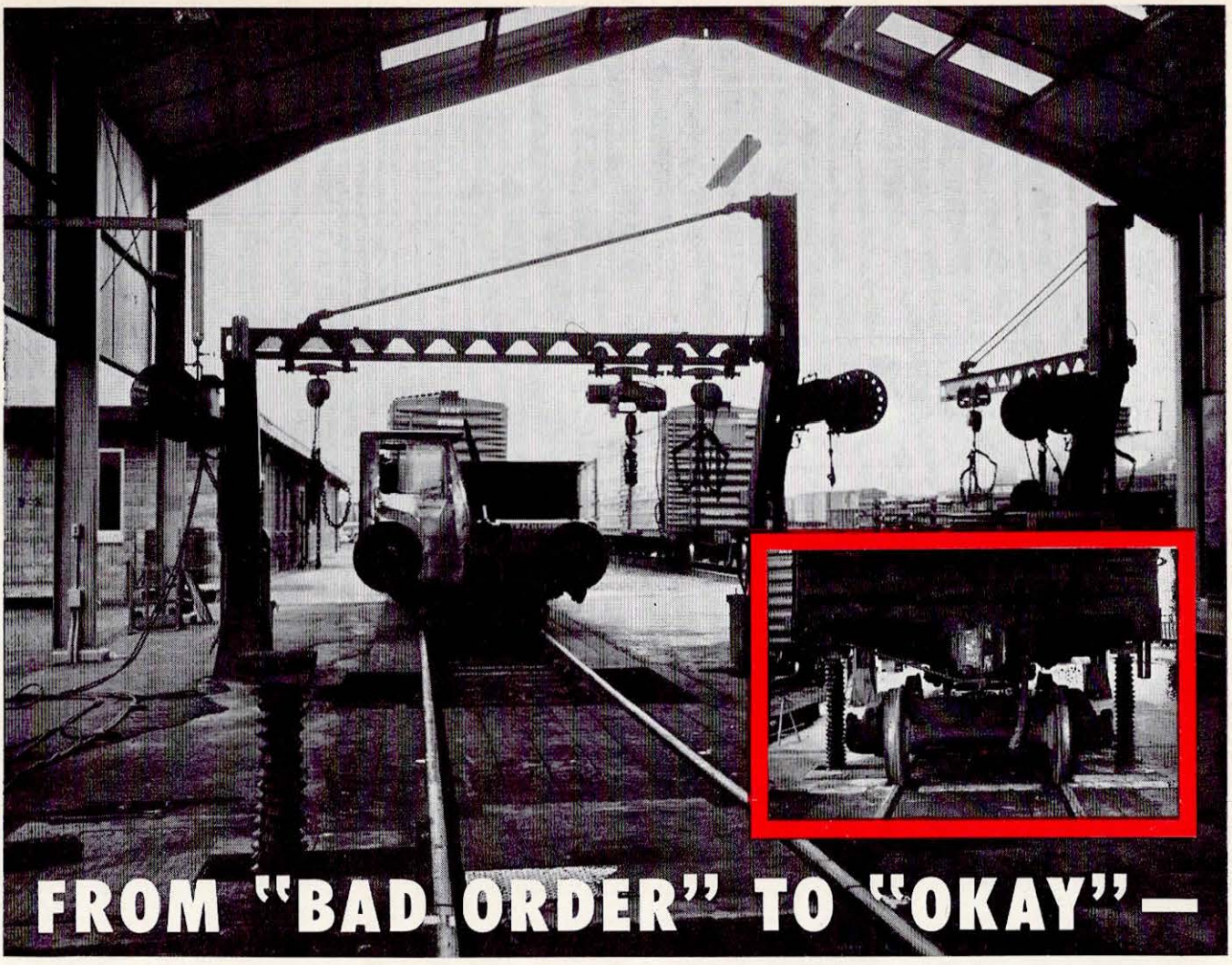
Also pending: a suit by the railroad before Judge Gibson's court asking for an injunction against the four striking railroad brotherhoods and damages of more than $250,000. The Rutland suit claims that the strike is illegal. Although both cases are before the same court, they are separate cases.

ICC Clears Volume Rates; Says Ruling Is No Precedent

Emphasizing that its ruling "does not constitute a precedent for the indiscriminate use of this form of ratemaking," the ICC has approved volume rates on coal as now published by Eastern railroads.

The rates, which are designed to keep coal in competition with imported residual fuel oil, have been in effect since early 1959. They apply on bituminous coal (other than for coking or metallurgical purposes) from Pennsylvania, West Virginia, Virginia, and Kentucky to several Atlantic ports from Salem, Mass., to Baltimore, Md.

While the minimum-volume requirements vary, the approved tariffs are generally like those applicable on shipments to the New York harbor area. These provide that industries receiving at least 5,500,000 tons a year will get a rate cut on the excess above 3,000,000 tons.



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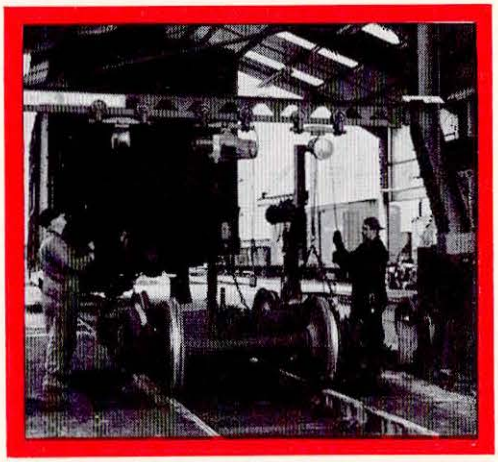

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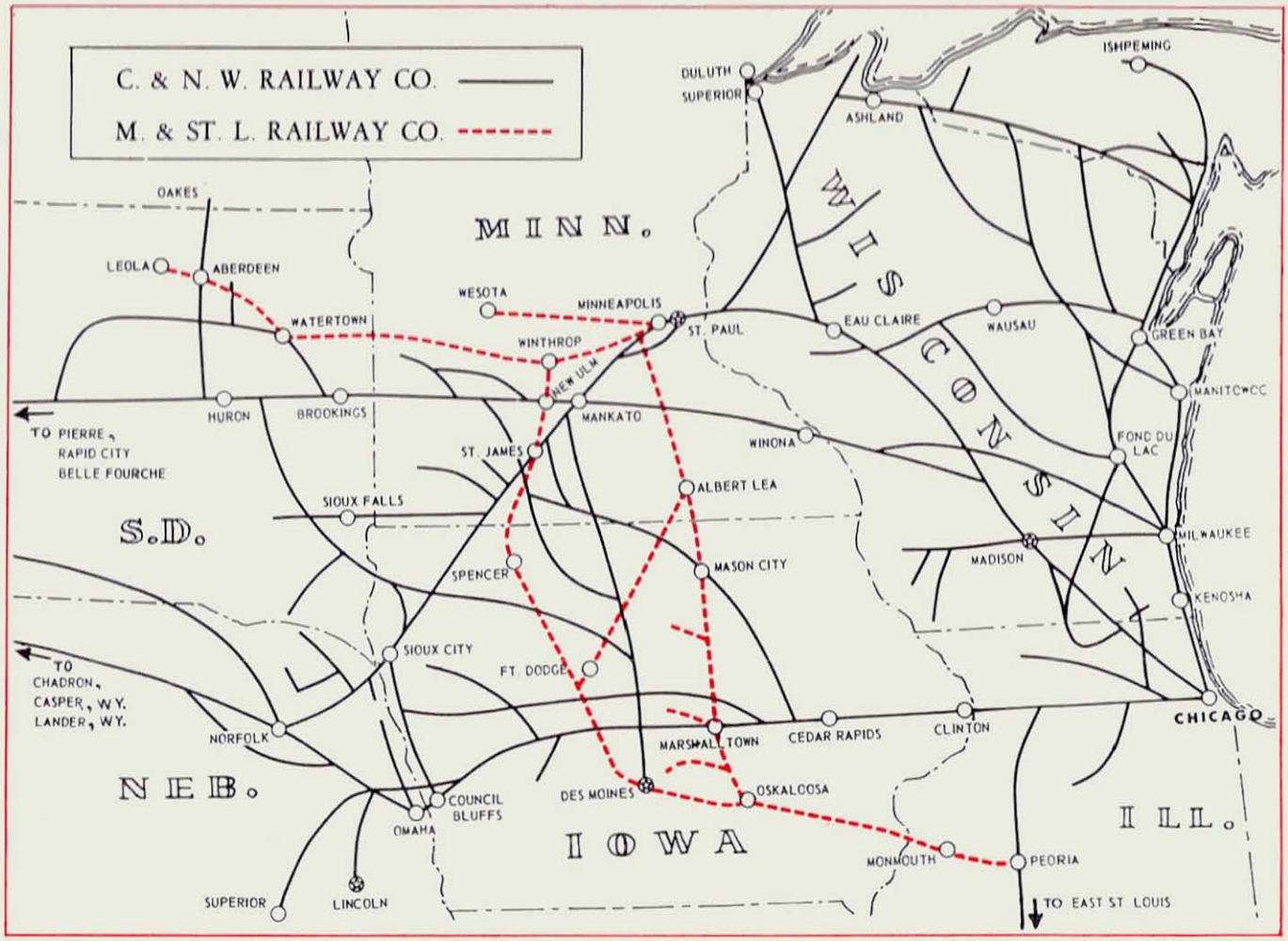

Purchase of M&StL Approved

Purchase by the Chicago & North Western of properties and franchises of the Minneapolis & St. Louis has been approved by the Interstate Commerce Commission.

Consummation of the approved purchase will create a 10,700-mile system with lines in Illinois, Iowa, Minnesota, South Dakota, North Dakota, Wisconsin, Michigan, Nebraska and Wyoming. North Western has about 9,300 miles of route while M&StL has about 1,400 miles.

The Commission's approval order was dated October 13 and was issued to take effect "from and after 10 days of the date hereof," which would mean October 23. The case got expedited handling. To dispose of it the Commission took only five months, the North Western application having been filed May 12. A major factor in this expedition was the agreement of all parties to waive service of an examiner's recommended report and the filing of briefs.

North Western will pay $20,929,920 for M&StL properties, $3,488,320 in cash. The purchase price also contemplates assumption by North Western of a new issue of M&StL first mortgage, 6% bonds in the amount of $17,441,600. The bonds are to be distributed pro rata to M&StL shareholders at the rate of $25 in principal amount of bonds for each share of stock.

North Western will also assume all other debts, obligations and liabilities of M&StL—except its outstanding stock options and liabilities for dividends declared and not paid. Evidence in the case indicated that the acquisition would result in economies amounting to more than $3 million a year.

Labor-protection conditions were imposed by the Commission on the basis of a stipulation entered into by the North Western and the Railway Labor Executives' Association. The stipulation calls for conditions similar to the so-called standard labor-protection conditions called for by Section 5 (2) (f) of the Interstate Commerce Act, the Commission said.

It also imposed the standard open-route conditions which will require maintenance of all M&StL routes. Other routing arrangements to cover "special local situations" are preserved by stipulations entered into by the North Western and the Santa Fe; Rock Island; Nickel Plate; Illinois Terminal; Illinois Central; Gulf, Mobile & Ohio; Chicago & Illinois Midland and Wabash.

Commission comment leading to its favorable finding said the proposed transaction was "clearly consistent with the public interest," considering the prospective contribution to efficient and economical transportation. The report also noted that stockholders of both roads had approved the transaction, with less than one per cent of the stocks voted in opposition. The report added:

"Unification of the properties will provide improved service to shippers served by each of the railroads in-

volved. North Western's electronic data processing system, which makes immediate information on cars available to shippers, will be made available to M&StL shippers. North Western has been one of the leaders in piggyback transportation in the Midwest, and this will be extended to M&StL.

"Consummation of the proposal will mean direct single line service and single line routes between such important points as Duluth-Superior, Minneapolis-St. Paul, Chicago, St. Louis and Peoria. The single line haul makes available a wider source of supply for transit shippers in this service area, reduces time-consuming and costly interchanges, and provides greater flexibility in rate-making—all to the benefit of the public generally."

That the North Western and M&StL had taken "many steps" in recent years to modernize and rehabilitate their properties was also noted by the Commission. It added, however, that M&StL "lacks the size and volume sufficient to realize the maximum advantages of these efforts," and that M&StL, "also because of its size, has not had the benefit of diversification or sufficient specialized equipment." The M&StL management has been "convinced" that the road "must merge with some other railroad in order to improve and assure its long-term prospects," the Commission also said. It went on to note the M&StL management's further conviction that the North Western's proposition was "best for all concerned."

New Corporate Identity

Indications are that M&StL will move quickly to assume a new corporate identity and to move into new fields of operation.

Announcement of the first "industrial acquisition" by the company was expected momentarily.

M&StL President A. W. Schroeder indicated that a shareholders' meeting will be held on or about Nov. 28 to approve a name change (to MSL Industries, Inc.) and to broaden the firm's purpose in line with plans for entry into the field of industrial operations. Shareholders will also be asked to approve a proposed increase in the number of shares of common stock authorized. At present, M&StL has about 698,000 shares outstanding, out of a total 800,000 shares authorized. Indications are that the requested increase will be 700,000 shares, to raise the total authorized to 1.5 million.

It's possible, too, that headquarters of the new company may be moved from Minneapolis to Chicago (M&StL's modern office building in Minneapolis was included in the sale to C&NW.)

Marsh: Cut Signal Costs

"We must find ways to simplify our traffic control systems so as to reduce the average cost per mile for new installations, which for a typical single-track operation, has mounted steadily to approximately $20,000 per mile." With these words, AT&SF President E. S. Marsh made a strong plea at the recent Signal Section meeting for lower costs.

"There is always the need to find new ways to minimize the continuing maintenance cost of signal equipment, which once installed becomes almost inflexible because it has to be maintained in working order without regard to the volume of business and whether there are few or many trains over the district," Mr. Marsh continued.

Methods and devices Mr. Marsh said were urgently needed include:

- "A simple and effective highway crossing device that could be installed for a few hundred dollars instead of the $15,000 and more involved in one installation of flashing-light signals and short-arm gates."
- A low-cost method of "making a simple industry track turnout into TCS territory."
- "Improved hotbox detection systems with positive and immediate signal indication to warn of impending trouble."

"As a day after tomorrow proposition," Mr. Marsh envisions "a completely automatic railroad operation," which he said could be on the order of Santa Fe's scale model exhibit at Chicago's Museum of Science and Industry, adding, it's "perfectly logical from experiments that have been made."

As the Publisher Sees It . . .

TOKYO, OCT. 11, 1960

My built-in American pride took it on the chin at the opening of the 2nd Asian Railway Conference here today. The transport policy, or lack of it, in the "most advanced nations" was held up as a horrible example by Mr. Karnail Singh, chairman of the board, Indian Ministry of Railways. The very necessity of the railways becomes a liability when different modes of transport are developed without coordination, Mr. Singh told the delegates from eleven Asian nations.

The underdeveloped nations, he said, can take a lesson, for while there is definite room for highway, air and water transport, no nation which hopes to develop industrially can do without railways. "Coordinate in time to be sure transportation facilities are not wasted," he warned. If duplicate facilities are developed without need, railroads will end up being supported "to haul coal and logs." India foresees this possibility, and a high-level transport commission is studying the overall transportation situation in order that limited resources will be most fittingly applied. Emphasis tends toward highway development for the shorter hauls where such transport excels, leaving the railroads to do the long haul job where they are best fitted. Too bad the United States did not heed such a warning 40 years ago, so that its essential railway system might never become a liability.

Mr. Singh deplored "modernization for the sake of modernization." Where funds are limited, stress investment in areas where the return is greatest. Air conditioning in India, for example, would be wasteful at this time, he said, for the real job is to provide enough transportation for all the people, stressing adequacy and safety. Mr. Singh would rather see the money go into training of a good staff; he would rather spend money teaching the staff to be able to do a good job maintaining modern equipment before putting a lot of money into acquiring it.

Mr. Singh seemed to feel that retarder yards were the kind of modernization his railways could best take advantage of. Such yards, and India could use many of them, he said, are costly, but an expense "we must swallow" even though "we need an ocean of money to draw from."

Robert G. Lewis

You Ought To Know...

Lo-Dek piggyback flat cars will soon be operating on four railroads—including the previously all-Flexi-Van New York Central. Trailer Train has ordered 200 cars from Pullman-Standard, 140 for use by L&N, 60 for service with C&NW. P-S will build 123 Lo-Deks for North American Car (NITX), 116 for lease to NYC, seven for lease to Western Maryland. Both roads' cars will be equipped with removable bi-level racks for automobile shipments. Lo-Dek, introduced in mid-1960 (RA, May 30, p. 64), has a floor height of 31 in., 10½ in. lower than the standard P-S TOFC flat at the point where the trailer wheels rest.

New general office building of the Atlantic Coast Line at Jacksonville, Fla., was formally dedicated last week. The building is a Y-shaped structure rising 17 stories over the St. Johns River (RA, Aug. 8, p. 16). Last week's ceremonies included a preview for the press on Oct. 19, the dedication ceremonies on the 20th and open-house to the public on the 22nd. In an address at the press luncheon Oct. 19, ACL President W. Thomas Rice called the building a symbol of the "new-look" in railroading, which is to "render service that will bring us the business." Mr. Rice also said this is a "thrilling time" to be in the railroad industry because "we intend to take our place in the sun."

Side running boards will not be required on some tank cars if Sept. 27, 1960, recommendations of Interstate Commerce Commission examiners are followed. Action of examiners is subject to filing of exceptions by interested parties and final decision by ICC. Case involves Union Tank Car Co.'s "Hot Dog" (HD) tank car design and its petition for a fourth tank car arrangement under the Safety Appliance Act.

Gross capital expenditures by Class I roads in 1960 will rise sharply over 1959 levels, according to estimates compiled by the ICC's Bureau of Transport Economics & Statistics. The bureau reports road and equipment expenditures of $445.9 million in the first half of 1960, compared with $384.3 million in the same 1959 period. Estimates for the final half of 1960: $505.8 million, compared with $433.6 million in the last half of 1959. Total 1960 spending—first half actual, last half estimated—will be 16.4% over 1959, according to the bureau's report.

Soviet transportation does not provide the flexibility and timely service considered necessary in the U. S., John F. Nash, NYC vice president—operation, told the New York Railroad Club. However, he said, the Russians have launched an intensive improvement program, including university railroad institutes to train railroad candidates on a professional level and a seven-year modernization plan. This plan, emphasizing plant modernization, includes electrification of 21,000 miles of track, installation of CTC, and development of "trailer-on-flat car" type of freight transportation.

Continuing wage and other cost increases have induced "financial starvation" for the railroads, E. A. Kaier, chief railroad counsel, told ICC last week. Mr. Kaier, also general solicitor of PRR, was arguing the railroad case for a general rate increase. He said pending carrier proposals would effect a 1.7% increase in freight revenue. The rate increases, first since 1958, would add $147 million in revenues, in contrast to cost increases totaling $607 million since 1958, Mr. Kaier said. Barring suspension, the higher rail rates become effective today (Oct. 24).

The BLE is "not interested in" merging with the BLF&E according to Grand Chief Roy E. Davidson. Writing in The Locomotive Engineer, Mr. Davidson said that the close cooperation of the two organizations in the current work-rules dispute should not be interpreted as "a step toward amalgamation."

Automation of West-Coast dock operations has been agreed to by the International Longshoremen's and Warehousemen's Union and the Pacific Maritime Association. The association has agreed to pay the union $5 million a year in return for a pledge to allow labor-saving machinery to be installed on the pier. The agreement, which extends until June 30, 1966, gives the employers more freedom in deciding how to run the docks—which may in turn affect future containerization.

Union Tank Car has completed delivery of 12 30,000-gallon tank cars to the Baton Rouge refinery of Esso Standard, division of Humble Oil & Refining. Esso will use the cars for transporting ethyl ether. Union introduced the 30,000-gallon design last May; first cars built were for liquified petroleum gas service.

Interchange rules for trailers and containers have been submitted for letter ballot action of car owners by AAR Mechanical Division. Ballot returnable by Nov. 3 includes 185 rules covering responsibility for repairs, damage, and inspection of trailers and containers. Proposed rules, if adopted, would become effective Jan. 1, 1960.

Journal lubricators had been applied to 1,057,821 railroad-owned freight cars or 56.9% of the 1,858,746 railroad-owned cars by June 30, 1960. On that date 143,687 privately-owned cars or 52.1% of the 275,406 in this class had been equipped. The total for both classes was 1,201,508 cars or 56.2% of the 2,134,152 total ownership.

Thirty Class I railroads (over one out of four major lines) operated in the red in the first eight months of 1960, AAR Vice President Philip A. Hollar told the Railway Club of Pittsburgh last week. Mr. Hollar laid the blame on a "lopsided pattern" of government policies which over-regulate and overtax the unsubsidized railroads while aiding their competitors through lavish public highway airway, airport and waterway projects.

Advertisers' Index

Aico Products, Inc. 22-23

American Steel Foundries 6

Bendix Corp., Scintilla Division .....Inside Front Cover

Bethlehem Steel Company 3

Central Rent-A-Crane, Inc. 37

General American Transportation Corp. 16-17

General Electric Company .....Back Cover

Hunt Company, Robert W. 37

Iron & Steel Products, Inc. 37

Okonite Company .....Inside Back Cover

Pullman-Standard Division of Pullman, Inc. .....11-14 incl.

Standard Oil Company (Indiana) 15

Statement of Ownership 37

Striegel Supply & Equipment Corp. 37

Union Switch & Signal Division of
Westinghouse Air Brake Company 4

Vapor Heating Corp. 8

Whiting Corp. 33

STATEMENT required by the Act of August 24, 1912, as amended by the Acts of March 3, 1933, July 2, 1946 and June 11, 1960 (74 Stat. 208) showing the ownership, management, and circulation of

RAILWAY AGE

published weekly at Orange, Connecticut for October 24, 1960.

1. The names and adresses of the publisher, editor, managing editor, and business managers are:

Publisher, Robert G. Lewis, 30 Church St., New York 7, N. Y.

Editor, Exec. Ed., Joe W. Kizzia, 30 Church St., New York 7, N. Y.

Managing editor, Fred C. Miles, 30 Church St., New York 7, N. Y.

Business manager, Gen'l Sales Mgr: Duane C. Salisbury, 30 Church St., New York 7, N. Y.

2. The owners are: Simmons-Boardman Publishing Corp., 30 Church St., New York 7, N. Y.—Stockholders of one percent or more: James G. and Louise Lyne, 30 Church St., New York 7, N. Y., Arthur J. McGinnis, 30 Church St., New York 7, N. Y., Joseph or Katherine Sanders, 2909 Maple Ave., Dallas 4, Texas, John R. Thompson, 79 West Monroe St., Chicago 3, Ill., Ruth Wheaton Johnson, 1615 Ravenna Blvd., Seattle 5, Wash., Mrs. E. S. Fenton, c/o Russell & Russell, 41 E. 42nd St., New York 17, N. Y., J. Streicher & Co., 2 Rector St., New York 4, N. Y. Partners of J. Streicher & Co. are: Joseph Streicher, Jack L. Streicher, Ethel Streicher, Judson Streicher, all of 2 Rector St., New York 4, N. Y., Morton & Co., c/o Marine Midland Trust Co., 120 Broadway, New York 15, N. Y.

3. The known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages, or other securities are: None.

4. Paragraphs 2 and 3 include, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting; also the statements in the two paragraphs show the affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner.

5. The average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the 12 months preceding the date shown above was: (This information is required by the act of June 11, 1960 to be included in all statements regardless of frequency of issue.) 15,128.

JOE W. KIZZIA

Sworn to and subscribed before me this 23rd day of Sept., 1960.

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[SEAL]

(My commission expires March 30, 1961)

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No Progress in 85 Years

Americans, taken as a whole, are geniuses at innovation in technology, and in putting technological progress to practical use. Each new generation as it comes along quickly masters all the technological knowledge of its predecessors and, building on that foundation, produces more and better machinery and methods of its own.

When it comes to mastering the proven principles of successful economic and political behavior, however, no such progress can be reported. On the contrary, there is overwhelming evidence to prove that the present generation's effective understanding of the principles of economic and political health does not even equal that of our fathers and grandfathers.

In 1875 we did not do business by telephone. There were no automobiles—and no internal combustion engines. Electricity was not even used for lighting, let alone for power. Present knowledge and practice in technology is so far ahead of that of 1875 that it would require an astronomical figure to express the percentage.

Now let's have a look at the 1875 vintage of knowledge in the area of transportation economics, and see how much progress we have made since then. The following was written in 1875:

"Louisville and Memphis are connected by navigable rivers, and in the exchange of commodities between the two cities have always had the benefit of low rates of river transportation. A railroad 377 miles long is built connecting the two cities, passing through a number of interior places, which had before only imperfect communications.

"Suppose one of these places, called A, be located on the line of this railroad, 100 miles from Memphis and 277 from Louisville. Before the railroad was built, freight from Louisville destined to A was shipped to Memphis by river and then by wagon to A. Since the railroad has been built there are two routes from Louisville to A, one by river to Memphis and thence by rail, and the other by rail direct to A.

"Taking the first route, the charge for shipping to A is made by adding to the river rate from Louisville to Memphis, the rail rate for 100 miles from Memphis to A. This latter rate is much below the rate formerly charged by wagon, and to the extent of this difference the shipper at A has been benefited by the construction of the railroad. This ought and would be satisfactory if the railroad stopped at A; but the fact that a new route is open to him, direct from Louisville, only 277 miles, causes all the trouble.

"The railroad is obliged to carry freight from Louisville to Memphis at the low river rate, which is below the average cost of railroad transportation, but it derives from this rate a small profit. It is obliged for the same reasons to charge its customer at A more per ton-mile for the distance of 277 miles than is charged to Memphis; but this can in no case exceed the sum of the river and rail rates from Louisville to A via Memphis.

"The shipper at A demands that he be put on the same, or even a better, footing with the shipper at Memphis, who always had the advantages of lower rates before the railroad was built.

"If the railroad should not seek the freight at competitive points by offering low rates, the cost of carrying other freight would be increased. If the same rate were to be charged to all interior points as to the competitive points, the railroad could not be operated at all."

●

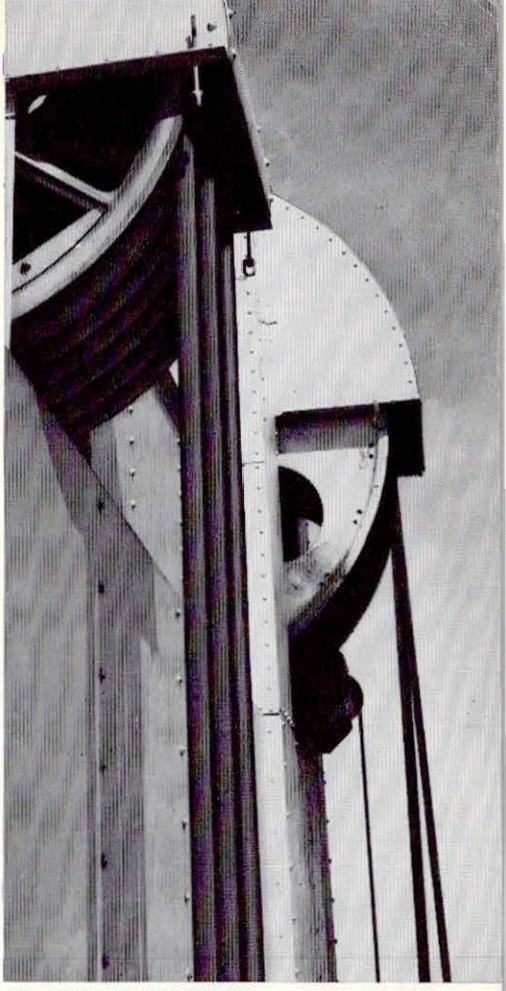
Those words—and many more, revealing full grasp of the rules of economics which must be observed to keep the country's total transportation costs at a minimum—were written by Albert Fink, vice president and general superintendent of the Louisville & Nashville, in that company's annual report, published in 1875. Today, 85 years after exposure to Albert Fink's wisdom, the long-and-short-haul restriction on railroads is still on the statute books; and water carriers are conducting a relentless campaign to force the same kind of ridiculous rate-making on railroads that "interior point A" insisted upon back in 1875.

In the realm of communications America has progressed from the Morse telegraph to TV since 1875, but in understanding of transportation economics in high places, we'd be mighty lucky today if we could equal Fink's insights—to say nothing of progressing beyond them (as Bell and Marconi and Edison progressed beyond Morse).

What befell the railroads was that, since they were almost a monopoly, the discovery was made that rates could be made politically rather than economically. Political rather than economic pricing was frozen into regulatory law and precedent—and vested interests now struggle to continue it, when the disappearance of the monopoly has made such pricing no longer practicable. No wonder railroads are having such a devil of a time holding on to traffic.

It should be a challenge to people who deal with railroad rates—whether as railroad or industrial traffic managers, or commerce lawyers, or regulators, or economists—to exert themselves to gain acceptance (and build upon) the degree of understanding that Fink and such academic contemporaries of his as Arthur Twining Hadley had developed 75 years and more ago.

SACRAMENTO TOWER BRIDGE is operated by the Sacramento Northern Railroad which is owned by the Western Pacific Railroad Company. An average of 28,000 vehicles and 14 trains cross the structure in every 24-hour period. Okocord cables extending up H-shaped towers provide electric power for the drive motors that lift the 205-foot center section to permit passage of commercial and pleasure craft on river below.



ON DUTY FOR 25 YEARS . . . and still going strong. This view of the top of Tower Bridge shows Okocord power cables in center of picture. They rise 100′ from their clamping blocks, pass over sheaves above, and then drop inside towers to feed dozens of circuits on each bridge approach.

Cable'bility at work

Okocord electric cables join the 25-year club on Sacramento Tower Bridge

Cable'bility (cā'ble·bil'·i·ty) *new word. Noun.* **1.** Ability to design and manufacture electrical cables that give outstanding performance. **2.** Having long background and wide experience in cable research and application. **3.** Possessing keen understanding of customers' problems. Implies eagerness to serve faithfully and dedication to progress. **Syn.** The Okonite Company.

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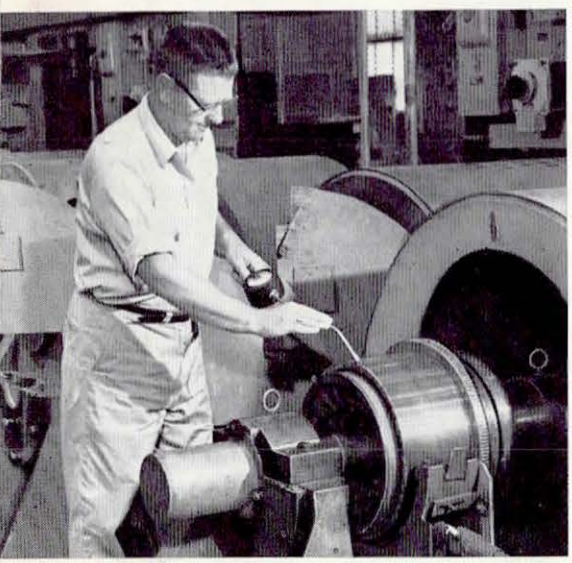

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General Electric rebuilt commutators are guaranteed to meet the same exacting quality standards as new equipment, but cost you much less. The latest in design, materials, and manufacturing are used in rebuilds, and your commutator is updated at no additional cost to you.

Recent developments in quality control assure the ultimate in commutator stability and smoothness, complete absence of machining burrs and weld spatter. Oxide-free slots facilitate easy soldering.

For details of General Electric's Rebuild and Exchange Program —established to help you reduce maintenance costs and out-of-service time—contact your nearest G-E Railroad Regional Parts Center, your railroad locomotive builder, or write to General Electric Co., Locomotive and Car Equipment Dept., Building 12, Erie, Pa.

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